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Australia — 0.429 Dc. Jordan — 1.00 Pk. Oman — 0.00 N.O.  
Belgium — 40.85. Kuwait — 1.00 Pk. Qatar — 6.50 N.O.  
Canada — C\$ 1.20. Libya — 500 Fr. Rep. of Ireland — 20.0 P.  
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## U.S. Won't Oppose Outside Backing for Rebels in Nicaragua

By Philip Taubman

*New York Times Service*  
WASHINGTON — The Reagan administration decided earlier this year that it would not discourage private U.S. citizens and foreign governments from supporting Nicaraguan rebels, the State Department said.

A department spokesman, John Hughes, said Monday that the decision was made after Congress refused to approve additional funding for the rebels, but he denied that the position was intended to curtail Congress.

"Provided U.S. funds are not used," Mr. Hughes said, "we do not discourage other countries from providing support, nor have we discouraged legal private U.S. contributions."

Mr. Hughes's comments were the first acknowledgement by the administration that its response to outside aid to the rebels was based on a high-level policy decision. Administration officials had said previously that the any failure to take action against private groups aiding the rebels was the result of a breakdown in coordination between federal agencies.

The private aid came to light after two private U.S. citizens were killed in Nicaragua on Sept. 1 when their helicopter was shot down in a rebel air raid against a military training school in Santa Clara, near the Honduran border.

The two Americans were members of an Americans-based veterans' group, Civilian Military Assistance, that gave advice and military equipment to the rebels and to El Salvador's armed forces. The administration has denied any connection to the raid or involvement in the participation of the two men.

The involvement of the veterans' group, according to rebel leaders and administration officials, was part of an extensive effort by the insurgents to raise money and obtain supplies from private groups and foreign governments as official U.S. support diminished in recent months.

The main rebel group, the Nicaraguan Democratic Force, has raised more than \$10 million from private corporations and individuals in the United States and from

foreign governments including Israel, Argentina, Venezuela, Guatemala and Taiwan, according to rebel leaders and administration officials.

Congress limited U.S. aid to the rebels to \$20 million in 1984 and stipulated that the government provide no other money, directly or indirectly, when the original appropriation ran out. Both the Senate and House of Representatives have turned down administration requests for additional aid this year.

The Neutrality Act prohibits private support or participation in military expeditions against foreign governments that are at peace with the United States. Relations between the United States and Nicaragua have been strained in recent years, but the two countries have not severed diplomatic relations and remain officially at peace.

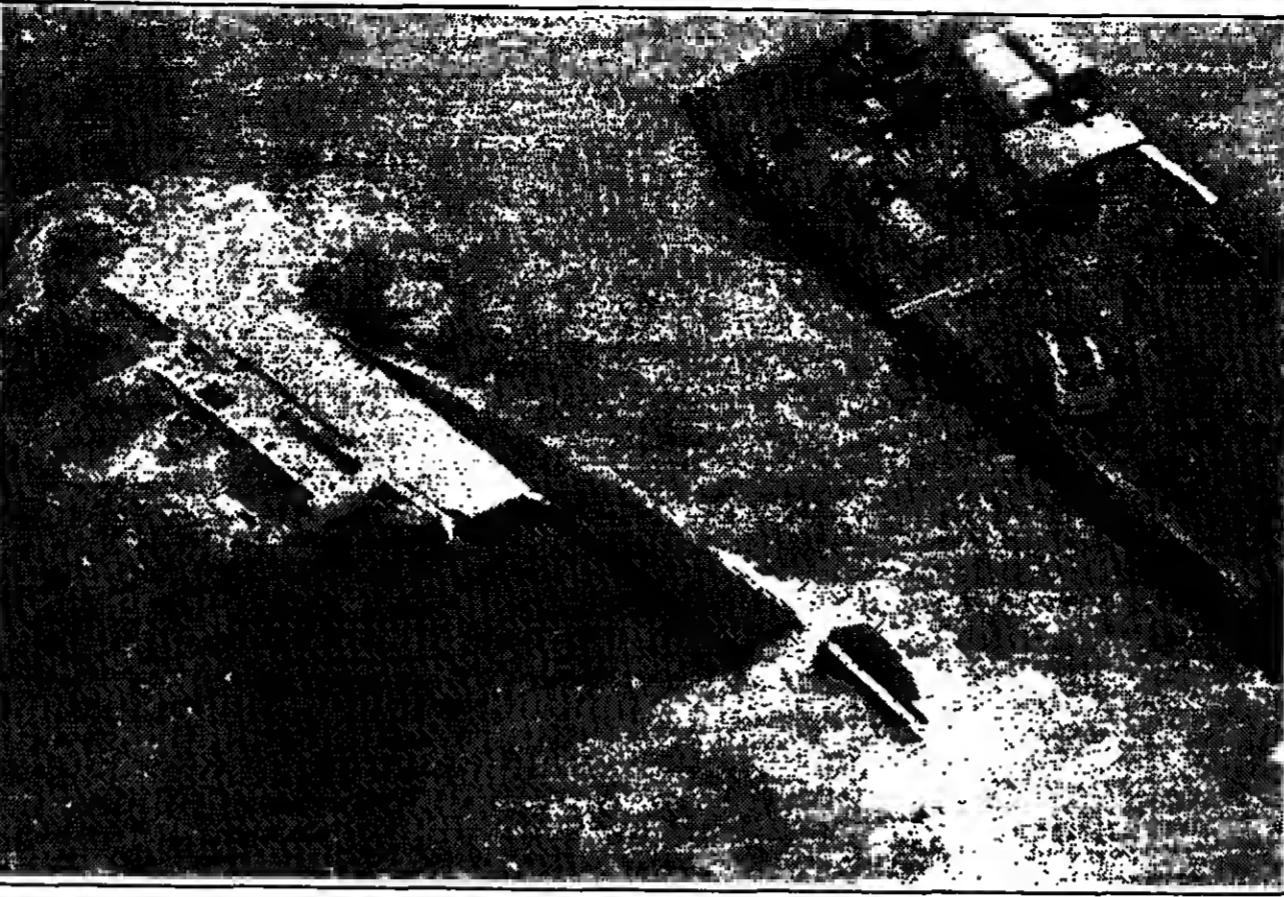
Mr. Hughes declined to comment on the legality of Civilian Military Assistance's efforts. He said that the Justice Department and the Customs Service were investigating "various legal ramifications" of the group's activities.

The Federal Bureau of Investigation, according to Justice Department officials, notified the Alameda group in April that it was under investigation and might be violating the Neutrality Act.

Mr. Hughes said that the administration considered a variety of options to deal with the private and foreign aid to the rebels. "Obviously," he said, "there was consideration of options or alternatives in the government, but the decision was taken not to play an active role in soliciting either private funding or third-country support, and the administration has denied any connection to the raid or involvement in the participation of the two men."

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Waves wash over the French vessel Mont-Louis, which sank off the Belgian coast Aug. 25 with 30 barrels of radioactive material aboard. Storms are breaking up the hulk and threatening to scatter the cargo on the seabed.

## Storm Halts Salvage, Threatens Radioactive Cargo

*The Associated Press*

OSTEND, Belgium — A North Sea storm prevented salvage workers Tuesday from determining whether 30 containers of radioactive material had been swept from the broken hull of a sunken freighter.

On Monday, waves up to 18 feet (5.4 meters) high ripped open the hull of the Mont-Louis, which sank about 12 miles (19 kilometers) off the Belgian coast after colliding with a ferry on Aug. 25. The breaking of the hull raised fears that the steel barrels of slightly radioactive uranium hexafluoride might have been washed from the hold.

Mr. Hughes confirmed previous reports that the veterans' group first approached officials at the U.S. Embassy in El Salvador in October, offering to provide small amounts of military equipment to the Salvadoran Army. He said the embassy agreed "to help out as possible."

He said the administration also rejected the option of trying to discourage the outside support, provided the aid was handled in a legal manner.

Mr. Hughes confirmed previous reports that the veterans' group first approached officials at the U.S. Embassy in El Salvador in October, offering to provide small amounts of military equipment to the Salvadoran Army. He said the embassy agreed "to help out as possible."

John Hoytebroek of the Belgian Public Affairs Ministry said that an empty container had been found on the shore Monday night. Alter-

gether, 13 empty barrels have been retrieved from the ship since the first was found on Sept. 2.

Officials have said that the containers of uranium hexafluoride are too heavy to rise to the surface, although they might roll along the seabed.

If the uranium hexafluoride were to leak from the barrels, the officials said, the chemical would form an acid gas that would burn anyone who came in contact with it.

The French Atomic Energy Commission said the containers, which are made of heavy steel, could stand up to violent shocks and heavy pressure.

Meanwhile, workers continued to spray detergents on an oil slick created by the rupturing of the ship's fuel tanks by the storm. Some of the oil has reached the shore but officials say they expect little damage to result.

Mr. Aerts said that the storm had split the ship into two parts. But Mr. Drenth said that the bow had remained attached to the wreck.

Paul Gooris, who works for Belgian salvage company, said that, if the freighter broke into pieces, the 30 containers could roll out of the hull onto the seabed. In that case, he added, retrieval would be difficult.

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Jim Slater, secretary general of the British National Union of Seafarers, speaking at a Greenpeace press conference in Ostend, called for a halt to the shipping of radioactive material until stricter regulations were enforced.

He added that there was no recognized international system for identifying ships carrying radioactive cargo.

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## Reagan to Meet With Gromyko In U.S. Sept. 28

By David Hoffman

*Washington Post Service*

WASHINGTON — In an announcement with strong re-election campaign overtones, President Ronald Reagan said Tuesday that he would meet Foreign Minister Andrei A. Gromyko of the Soviet Union at the White House on Sept. 28 for a "confidential" session to discuss arms control and U.S.-Soviet relations.

The announcement followed the statement by Georgy M. Kornienko, the Soviet first deputy foreign minister, in a U.S. television interview on Monday that Mr. Gromyko would be willing to meet with Mr. Reagan.

"Well, I would answer that the facts would belie any such supposition. The fact is we have proposed meetings with the Soviet Union on a number of occasions... We have not retreated from any meetings with Mr. Reagan."

Mr. Reagan sought to take political advantage of the announcement in the midst of his re-election campaign by making it personally and by stressing that "one of my highest priorities is finding ways to reduce levels of arms and improve our working relationship with the Soviet Union."

Walter F. Mondale, the Democratic presidential nominee, has repeatedly criticized Mr. Reagan for the breakdown in arms-control talks with the Soviet Union and for Mr. Reagan's failure to meet with top Soviet officials. Congressional Republicans immediately seized on the Gromyko announcement Tuesday as a counter to Mr. Mondale's charges.

"It's a plus for us, no question about it," said the House Republican leader, Representative Robert H. Michel of Illinois, after meeting with the president. "It dispels all the talk that the president is unwilling to talk and unyielding and unbending."

Senior White House officials said the meeting with Mr. Gromyko also could bring risks. They noted that there was no assurance the meeting would have a favorable outcome.

The officials said the meeting — the highest level of contact Mr. Reagan has had with a Soviet official since he took office early in 1981 — would carry many of the same risks as a summit talk, particularly if U.S. voters found just before the election in November that it failed to meet expectations.

For this reason, Reagan administration officials have been cautious about discussing the possible meeting in recent weeks, saying any announcement would have to follow a preliminary session between Mr. Gromyko and Secretary of State George P. Shultz in New York. Mr. Gromyko is to attend the opening session of the United Nations General Assembly in New York and Mr. Reagan is to address the session Sept. 24.

Despite the risks, Mr. Reagan's political advisers and allies on Capitol Hill hope that a successful meeting will take the edge off Mr. Mondale's attacks on the issue of war and peace — which opinion polls show to be one of Mr. Reagan's greatest vulnerabilities.

Asked Tuesday whether, after three and a half years of little progress in U.S.-Soviet relations, the Gromyko meeting would be viewed as simply a "political ploy" to answer Mr. Mondale's charges, Mr. Reagan said:

"Well, I would answer that the facts would belie any such supposition. The fact is we have proposed meetings with the Soviet Union on a number of occasions... We have not retreated from any meetings with them."

His remark was an apparent reference to the breakdown in planned U.S.-Soviet talks about space weapons that were scheduled to open in Vienna on Sept. 18. The

(Continued on Page 2, Col. 1)

## Diplomats See Possible Thaw In Kremlin

*Reuters*

MOSCOW — The Kremlin's agreement to hold talks between Foreign Minister Andrei A. Gromyko and President Ronald Reagan could mark the start of a thaw in Moscow's hard-line attitude toward the West, diplomats in Moscow said Tuesday.

Commenting on a report from the White House that a meeting between the two men had been set for Sept. 28, analysts at Western embassies here said it indicated a possible shift in Soviet thinking on East-West ties that could lead to major policy changes.

"It suggests they have decided their closed-door policy towards Reagan is getting them nowhere and they want to get back into a dialogue," one diplomat said.

A White House official said agreement was reached Monday night. On Tuesday, President Reagan said he would meet with Mr. Gromyko.

A Soviet Foreign Ministry spokesman refused to comment. However, on Monday, the Soviet first deputy foreign minister, Georgy M. Kornienko said "I believe there will be no difficulties on our part" in holding such talks.

Diplomats said it was most significant that the Soviet leadership had agreed to the meeting despite the fact that it would almost certainly help Mr. Reagan's re-election chances.

"Up to now the Soviets have been doing their best to discredit President Reagan. For them to agree to talks at this time indicates a change in foreign policy priorities," one said.

Some embassy analysts said the announcement reinforced their view that the dismissal last week of the Soviet chief of staff, Marshal Nikolai V. Ogarkov, had signaled a major upheaval in Kremlin policies and a victory for supporters of detente.

They said Mr. Ogarkov, who had a reputation as a leading "hawk" on East-West relations, may have been viewed as a major obstacle to renewing arms reduction talks with the United States and reviving a dialogue on other issues.

His successor, Marshal Sergei F. Akhromeyev, is seen by Western military experts as a more moderate man and is believed to have

(Continued on Page 2, Col. 2)



Governor Martha Layne Collins of Kentucky, right, introduces Geraldine A. Ferraro, the Democratic vice-presidential candidate, at a rally in Lexington, Kentucky. With them is Senator Wendell H. Ford, Democrat of Kentucky.

## Ferraro, N.Y. Archbishop Discuss Abortion Dispute

By Robert D. McFadden

*New York Times Service*

NEW YORK — The Roman Catholic archbishop of New York and Representative Geraldine A. Ferraro have discussed their dispute over abortion but apparently have failed to resolve the central question of whether she had misrepresented the Roman Catholic Church's doctrine on abortion.

Archbishop John J. O'Connor cited a letter dated 1982 and signed by Ms. Ferraro and other members of Congress as the basis for his accusation Sunday that she had created a mistaken impression that she had failed to resolve the central question of whether she had misrepresented the Roman Catholic Church's doctrine on abortion.

The document, dated Sept. 30, 1982, was a letter Ms. Ferraro sent with material provided by a group called Catholics for Choice to the archbishop and had held a "cordial, direct and helpful" conversation with him.

"When I asked him about this statement," she said, "he told me he is referring to a cover letter, signed by me, which was attached to a Mass at St. Andrew's Church in Manhattan. He described his telephone conversation with Ms. Ferraro as "very, very amiable" with "no hostility on either side."

Ms. Ferraro, who took her Democratic campaign for vice president to the Middle West on Monday, said in a statement in Indianapolis that she had placed a telephone call to the archbishop and had held a "cordial, direct and helpful" conversation with him.

"Some of us have taken strong pro-choice positions. Others are uncertain. But all of us have experienced moral and political doubt and concern. That is what this briefing is all about. It will show us that the Catholic position on abortion is not monolithic and that there can be a range of personal and political responses to the issue."

The archbishop said Monday that the letter showed that Ms. Ferraro had misstated the church doctrine on abortion, which

## U.S. Battles World as It Inches Toward Metric Standard

By Tom Vesey

*Washington Post Service*

WASHINGTON — Until recently, the number John Bitango knew best was 3.785. The young Bethesda, Maryland, gas station operator had been dividing liter totals by that number, to turn them into gallons, since his station went metric five years ago.

He thought that customers would learn the system. Instead, they muttered "What the hell does this mean?" he said. Three weeks ago, Mr. Bitango put new mechanisms in his pumps and began measuring gas in gallons again.

Like mechanics and other workers, Mr. Bitango is caught in a silent war against pounds and ounces, feet and inches, gallons and pints, and other conventional U.S. measurements. It is a war that pits the United States, Burma and Brunei, a sultanate of about 200,000 people on the coast of Borneo, against the rest of the world.

The rest of the world is winning. The big U.S. auto companies, for instance, are quietly going metric because their overseas plants, suppliers and customers demand it. Mr. Bitango can measure his gas in gallons, but it is pumped into gas tanks that are calibrated in liters.

"I've got metric everything," Mr. Bitango says. "Metric socket wrenches, metric box wrenches, metric allen wrenches. From a service station's point of view, you have to double your tools or you will lose."

A 1971 U.S. Department of Commerce study recommended that Congress legislate a 10-year transition period. But instead the Metric Conversion Act of 1975 declared that "the policy of the U.S. shall be to coordinate

and plan the increasing use of the metric system in the United States."

Thus far, the transition became voluntary, unlike in Britain and Canada, which mandated metric conversion.

The result, in part, is that more than

## Carrington Gives NATO New Verve And Emphasizes Its Political Role

By William Drozdiak  
*Washington Post Service*

BRUSSELS — The usual summer doldrums that descend on the sprawling headquarters of the North Atlantic Treaty Organization here vanished when Lord Carrington took over the alliance's senior post in late June.

As NATO's new secretary-general, Lord Carrington jolted the more ossified reaches of the bureaucracy and, by most accounts, infused the place with a new work ethic.

He also has made it clear that he intends to use the status and experience he acquired during his years as Britain's foreign and defense secretary to change the common perception of his job, which assumed largely figurehead status during the 13-year tenure of Joseph Luns of the Netherlands.

Lord Carrington wants to put a greater accent on the political dimension of NATO. "There has been a concentration in the public minds about NATO in its purely



Lord Carrington

begin talks on space weapons and to start off again on the Geneva negotiations.

"I doubt that there is more for us to do at this time. What we've got to do is be persistent, and go on and on and tell them that we are prepared to talk. The Soviets have locked themselves into a difficult position by walking out of Geneva, but they will return, and the sooner they do it, frankly, the better."

Lord Carrington met with President Ronald Reagan at the White House Tuesday and expressed approval of Mr. Reagan's announcement that he plans to meet with the Soviet foreign minister, Andrei A. Gromyko, on Sept. 28.

In the interview here, Lord Carrington also said that in some ways the alliance had become too self-distraining and underestimating its strengths, especially its ideological and economic influence in the world.

"The Russians must feel extremely alarmed in recent years about the events in Poland and the lack of glamour that Marxism holds for the world," he said. "Equally, they have an economic system that does not work. So I would feel we have nothing to lose from talking to the Soviet Union, because we don't talk from a position of inferiority."

In terms of the military balance, Lord Carrington said that while it would be a mistake to become complacent, NATO countries should

realize that they have "quite enough military and conventional power to defend themselves."

"It would be suicidal for the Soviet Union to invade Western Europe," he said. "If I were a Russian and I looked at what NATO has, I would think several times before starting an adventure that would be likely to lead to a third world war."

A primary factor behind the poor state of East-West relations, he feels, may simply be that each side lacks a sound understanding of the other's motives and background. "I think to sit around a table and talk to them is good," he said. "It would be useful for us to get to know them better, and them us."

"Maybe they will begin to feel, though perhaps they don't at the moment, that we genuinely do want some kind of relaxation of tension, arms control and less weapons in the world. They will hear from us that we are not prepared to put up with certain things like Soviet expansion into the rest of the world, and that if they want to get on with us they have got to understand that."

Helping to mediate sporadic quarrels between the United States and the European allies is another area that Lord Carrington expects will consume much of his time.

After more than three decades of involvement in alliance diplomacy, he says he has learned to brush aside talk about NATO's demise.

The controversy over the deployment of Pershing-2 and cruise missiles in Europe was a difficult test of alliance unity, he said, but the deployment was "an enormous success" because NATO emerged stronger by showing that it can fulfill its commitment.

Lord Carrington stressed that one issue he planned to emphasize in his job was the need for improved resource allocation — "or how we can all get better value for our money."

He said he was disturbed that a lack of coordination among NATO countries in arms production and research and development programs had led to "an awful lot of duplication," especially since the alliance's research spending far exceeds that of the Warsaw Pact, the Soviet-bloc military alliance.

Mr. Owen, a Labor foreign minister in the late 1970s, left that party to help found the more middle-of-the-road Social Democrats in 1981.

With his speech Tuesday, he became the first leader of any major party publicly to support demands for full disclosure about the Belgrano episode.

The circumstances surrounding the sinking of May 2, 1982, by the British nuclear-powered submarine Conqueror have become the subject of renewed controversy in recent weeks after documents, allegedly from the Ministry of Defense, were leaked to a Labor member of Parliament, Tam Dalyell, and published in a magazine, the New Statesman.

Mr. Dalyell has maintained that the cruiser was sunk to sabotage peace efforts by the government of Peru rather than because it was a threat to the British task force that was heading for the islands as the government maintains.

Mr. Dalyell and the magazine claim that the documents, the authenticity of which has not yet been challenged, show that the cruiser was heading away from the British task force 11 hours before it was torpedoed, and that the rules of engagement had been changed without notifying Argentina.

Last week, The Observer newspaper also claimed that evidence it had obtained showed why the then defense secretary, John Nott, gave false statements to the House of Commons two days after the sinking and why ministers have "since tried to conceal the truth from Parliament and the public for more than two years."

A man who identified himself as Gruzen, a shopkeeper in his 40s, said anyone in the group who went back to China now might never get permission to leave for Mecca again. "We sold everything to make this trip — our land, our property," he said, shaking his head, already shaved according to his ritual. "We must go for hajj now."

Disappointed but determined, most of the pilgrims now plan to stay in two government-owned hotels in central Rawalpindi until next year when they can resume their journey to Saudi Arabia. None of the men accused Chinese, Pakistani or Saudi officials of delays that caused them to leave.

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The pilgrims, all Turkish-speaking Uighurs from China's western province of Xinjiang, reached Rawalpindi after months of traveling, including passage along the ancient Silk Route and over the Himalayas.

Their journey began in May when they left for the provincial capital of Urumqi for permission to leave, then to Beijing for Pakistan visas and back to Urumqi to pick up their passports. This trip alone took three months and cost over 4,500 miles (7,200 kilometers).

They arrived in Rawalpindi Aug. 30 only to hear from the Saudi Embassy that they could no longer make it to Mecca in time for the Hajj, the pilgrimage to Mecca every able-bodied Moslem is expected to make at least once in a lifetime.

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## Mondale Plan on Deficit Seen as Evidence of His Conservative Evolution

By Bernard Weisraub  
*New York Times Service*

WASHINGTON — Walter F. Mondale's announcement of a "hard, realistic" deficit-reduction package of higher taxes, spending cuts and a modest increase in social programs clinches a striking evolution for a liberal Democrat of the 1960s who is now speaking in highly conservative terms.

To Democratic advisers and political scientists, the presidential candidate's blueprint for cutting the deficit by \$177 billion in 1989 is unusual not for what it offers but for what it does not. There are no major jobs programs, no sizable anti-poverty measures and no substantive housing and welfare measures in the package, announced Mondale.

The reality Walter Mondale faces now is we have huge budget deficits and we also have a lot of programs that liberals judged necessary in the 50s and 60s and early 70s, but which are now in place," said Thomas E. Mann, executive director of the American Political Science Association, a professional group of political scientists.

"So the so-called unfinished liberal agenda is no longer unfinished," he said. "Tuesday, 'And what you have are enormous budget deficits.'

"In the face of those conditions, any responsible politician who aspires to national office must tailor his program, and that's what Mondale has done."

James A. Johnson, Mr. Mondale's campaign chairman, said, "These are radically changed circumstances based on the unprecedented deficit."

Mr. Mondale pledged to cut two-thirds of a projected 1989 deficit of \$263 billion.

"Mondale is a realist and a pragmatist and has always been," Mr. Johnson said. "He believes that the impact of these deficits on real people and on our country's future are so substantial that in order to do what's necessary in terms of social justice, we must deal with the deficits first."



United Press International  
Walter F. Mondale greeted crowds at a rally in front of a construction site in Philadelphia. With the candidate are Representative Thomas M. Foglietta, Democrat of Pennsylvania, left, and Mayor Wilson Goode of Philadelphia.

The Reagan administration has joined congressional Republicans in a coordinated attack on Mr. Mondale's proposal as an "economic disaster" that would increase tax burdens for average Americans.

Democrats praised Mr. Mondale for detailing his budget and tax plan and criticized President Ronald Reagan for not doing the same.

On Monday Mr. Reagan called the Mondale proposal "nothing new," saying, "He told us several weeks ago he was going to raise the people's taxes."

Later Monday, Republicans primarily criticized the tax aspects of Mr. Mondale's plan, not the spending side.

The White House spokesman, Larry Speakes, said that Mr. Mondale "would place a burden on the American taxpayer that would stop the economy cold in its tracks."

■ Republicans See 'Disaster'  
David Hoffman and Milton Cole  
of *The Washington Post* reported:

## Reagan Is Ahead in Oregon's 'Negative Election'

### President's Popularity in the State Is Weak, but Mondale's Is Even Weaker

By David S. Broder  
*Washington Post Service*

PORTLAND, Oregon — If there is a weakness in President Ronald Reagan's support in the western states, it is called Oregon.

More than in any other place else in the West, concern about the economy, disagreement with his environmental and defense policies and distaste among moderate Republicans and independents for the rigid clerics congregating under Mr. Reagan's banner make the president potentially vulnerable here.

But even in Oregon, where former supporters of John B. Anderson, the 1980 independent presidential candidate, and Senator Gary Hart of Colorado, the state's 1984 Democratic primary winner, express strong distaste for Mr. Reagan, the president is bolstered by the unpopularity of Walter F. Mondale as an alternative.

"We're having a negative election," said Tim Hibbits, a highly regarded Portland pollster. "Reagan has only a 52-percent approval rating here, which normally would make him a very vulnerable incumbent. But Mondale is worse when it comes to negatives."

Mr. Mondale told Oregon campaign aides after a visit here last week that "if I don't carry Oregon, I'm not going to be in the race" nationally.

## Church Acted Against Other Theologians

New York Times Service

RIO DE JANEIRO — Roman Catholic Church sources say the Vatican sought without success to have two leading Latin American theologians rebuked for their writings on the church's relationship with the poor before calling a third theologian to Rome for direct interrogation.

The third churchman, the Reverend Leonardo Boff, a Franciscan from Brazil, was questioned last Friday about his writings by Cardinal Joseph Ratzinger, prefect of the Sacred Congregation for the Doctrine of the Faith. Many of the writings of Father Boff, an exponent of the doctrine known as the "theology of liberation," are strongly critical of the traditional church.

Together with Father Boff, the two other theologians, the Reverend Gustavo Gutierrez of Peru and the Reverend Jon Sobrino, a Spanish-born priest living in El Salvador, are widely considered the three most prominent authorities on liberation theology.

The church sources in the region asserted that in the last few years the Vatican made repeated attempts to have the two other theologians taken to task — in the case of Father Sobrino, by the Jesuit order to which he belongs, and in the case of Father Gutierrez, by the Peruvian Bishops' Conference.

But in both cases, the sources said, the Vatican failed in its objective of having the writings of the two theologians rebuked.

Mr. Hibbits said that a statewide poll he took the week after the Republican National Convention in early August put Mr. Mondale 22 percentage points behind Mr. Reagan. "But it's been coming down steadily," he said, "and I would bet this state will be in the 52-53-percent range." Craig Berkman, a major Republican fundraiser, described Oregon as "a tough nut," adding: "Mondale could carry Oregon even if he just wins six states."

In 1976, Jimmy Carter missed carrying Oregon by fewer than 2,000 votes. In 1980, Mr. Reagan won by almost exactly the 10 percent of the vote siphoned off from the Democrats by Mr. Anderson.

Now, the leaders of that Anderson effort — and perhaps many of Mr. Anderson's followers — are leaning in Mr. Mondale, despite serious misgivings.

There is, for example, Lyndon Wilson, Mr. Anderson's 1980 Oregon chairman, a self-described "Rockefeller Republican" who has "watched with dismay my party's drift in the right." His disagreements with Mr. Reagan include environmental, school-prayer and abortion issues; the federal budget deficit and interest rates. Interest rates are a particularly sensitive subject in this timber and wood-products state, where persistent problems in the housing market

have left the unemployment rate above 9 percent.

But even with these disagreements and with Mr. Anderson's decision in August to endorse Mr. Mondale, Mr. Wilson has a difficult time accepting the Democratic challenger.

The trouble with Mondale, he said, is the Carter hangover. He's not come clearly into focus for me. I still think of him as Jimmy Carter's vice president."

Mr. Wilson added that he was distressed by "what I regard as Mondale's protectionist policy on trade," and "even though I think his approach to the deficit problem by raising taxes is much more realistic than Reagan's, I can't help remembering that the Democrats created the original deficits by ministering to their constituencies."

"If there is a tie-breaker for me," Mr. Wilson said, "it's got to be the international policy." A supporter of a freeze on nuclear weapons, like most Oregon voters and politicians of both parties, Mr. Wilson said that Mr. Reagan appears to him as "a man who has frightened Cold War tensions just to justify his defense-spending policies."

"He's fanned that hysteria." Republican candidates have carried Oregon in seven of the last eight elections, but the state has a tradition of progressive Republicanism. The two Republican sena-

tors, Mark O. Hatfield and Bob Packwood, have been frequent critics of Mr. Reagan, and Governor Victor Atiyeh, a more-conservative Republican, has been outspoken in saying that Mr. Reagan should be giving top priority to reducing the deficits that Mr. Atiyeh says are at the root of Oregon's economic problems.

The progressive Republican tradition created the climate in which Mr. Anderson got a 50-percent bigger percentage of the vote in Oregon than he did nationally. And the national party's focus on conservative social policy issues has added to the strains for Reagan supporters in Oregon.

State Representative Mary Alice Ford, the former Republican chairman in suburban Washington County — one of the more affluent and pro-Republican parts of the state — was a vocal dissenter on the platform committee at the convention in Dallas. She said she worries that the Democrats will "pull a lot of votes on the feminist and social policy issues" in her county.

Asked what Mr. Reagan could do to help himself, she said bluntly: "He could get off that school-prayer amendment. People here don't want us mixing religion and politics. The question I've been asked most is 'Why did you people let Jerry Falwell take over your convention?'

## John Paul Urges Canadian Clergy To Fight a New 'Crisis of Values'

United Press International

MONTREAL — Pope John Paul II said Tuesday that "a deep-seated process of change" is sweeping through both society and the priesthood, and urged priests to speak out forcefully on what he called a "crisis of values."

But the church's social role must be carried out by lay members, not the clergy, the pope told a meeting of 3,000 French-speaking priests at St. Joseph's Oratory on the third day of a 12-day visit to Canada.

Referring to the sharp decline in the number of priests worldwide and to increasingly controversial social activism by priests in several countries, John Paul challenged the clergy to "recover your freedom and the dynamism of your faith."

"You have been witnessing, in fact, a deep-seated process of change," the pope said. "One which heralds the appearance of new culture, of a new society, but which poses, too, a number of questions about the meaning of life."

"You are facing as well a crisis of values: values of faith, of prayer, of religious practice, moral values, family values, a more materialistic, more selfish attitude to life," he said.

"No Christian, let alone a priest," John Paul added, "can be content with silence, or with standing meekly aside on the stand that our is a pluralistic society, crossed and recrossed by various currents of thoughts of which many are inspired by science, materialism, even atheism."

Some Canadian feminists objected in the name receiving the title "blessed" because members of the Canadian order work as rectory housekeepers or servants of priests.

If the church is to have a social role, that role must of necessity be played by the laity, united with their priests and inspired by the magisterium," he said, talking about the teaching authority of the Roman Catholic Church.

The pope clearly was aware of the issues and said that women may offer society feminine qualities that may differ from that chosen by Blessed Sister Marie Leonie." But he said nothing to alter his staunch defense of traditional church positions against women priests, divorce, artificial contraception and abortion.

Before addressing the group, the pope prayed at the tomb of Brother Andre, a semi-literate carpenter's son who founded the Oratory and whom the pope beatified in May 1982. Brother Andre, in whom miraculous healing powers were ascribed, died in 1937.

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"Nothing can fill the emptiness of his absence!" the pontiff said, shaking a finger in the air. "To replace God is an impossible task!"

The Mass was devoted to the beatification of Sister Marie Leonie

Paradis, a teaching nun who in 1874 founded the Little Sisters of the Holy Family.

## Pentagon Halts Delivery Of Weapons With Parts By Texas Instruments

By Michael Wines  
*Los Angeles Times Service*

WASHINGTON — The Pentagon has stopped accepting shipments of thousands of weapons parts and other military hardware that contain potentially defective computer chips supplied by Texas Instruments Corp.

The action Monday affects more than 80 U.S. defense suppliers who bought the chips from Texas Instruments under subcontract. An earlier analysis of 546 chips by IBM indicated that the suspect chips may have been used in as many as 15 million military and commercial parts during the last eight years.

All military contractors who have bought the Texas Instruments chips have been told to return their inventories to the factory for testing, Mr. Goldsmith said.

Texas Instruments said that it is cooperating with the Department of Defense and other customers to clarify this issue. The company said that it had voluntarily stopped shipping the circuits which "represent only a small portion" of its semiconductor business.

Texas Instruments said that it is investigating the possibility that some microcircuits had not been manufactured according to engineering specifications.

At the Midland, Texas, headquarters of Texas Instruments, a spokesman, Norman Neuenschwander, said that the company was investigating the possibility that some microcircuits had been distorted and that he did appear to have sympathy for them.

"After you get to know a man you have to recognize him a little better," said Mr. Neuenschwander, leader of the 7-million-member Baptist group, after meeting Monday with the president at Mr. Reagan's residence.

Mr. Neuenschwander was invited to the White House after complaining last week that the Reagan administration did not feel "the heartbeat, the desires, the concerns of black people" and would not lead blacks "into the mainstream of American life."

Privately, White House officials were delighted at Mr. Neuenschwander's statement, saying it was a rare kind word for the president of a prominent black leader, one who was a supporter of the Reverend Jesse L. Jackson, who sought the Democratic presidential nomination.

On Friday, the Department of Defense halted acceptance of 14 F-404 jet engines made by General Electric Co. Last month, the department cited poor workmanship in suspending payments to Hughes Aircraft Co. for the manufacture of three missiles.

## 'Dangerous Hurricane' Heading Inland at North, South Carolina

The Associated Press

CHARLESTON, South Carolina — The hurricane designated Diana moved toward land with winds up to 125 miles an hour Tuesday, forcing evacuations along the coasts of North and South Carolina.

"Hurricane Diana is now a dangerous hurricane," the National Weather Service said. "Further strengthening is likely."

Roads were jammed as people headed for higher ground along the coasts of the two states. Others secured boats and mobile homes, taped or boarded up windows and stocked up on emergency supplies.

The center of the storm could hit land between Myrtle Beach, South Carolina, and Wilmington, North Carolina, said the National Hurricane Center in Miami.

Reports from a weather service plane "indicate Diana continues to strengthen as the eye wobbles northward toward the North Carolina coast," the agency said Tuesday.

## Reagan Is Said to Assure Casey on Tenure at CIA

By Bob Woodward  
*Washington Post Service*

WASHINGTON — President Ronald Reagan last week privately assured the CIA director, William J. Casey, that he would be welcome to remain as head of the intelligence agency if Mr. Reagan was elected to a second term, according to informed officials.

Mr. Reagan gave the assurance by telephone to Mr. Casey after the CIA director sent him a letter to complain about press reports, which appeared to originate in the White House, saying he was ready to return to private life. In his letter, Mr. Casey said he has no such desire. The letter made it clear that he wanted to serve in a second term and did not consider his work as intelligence chief finished.

[Robert Sims, a deputy White House press secretary, said Tuesday that Mr. Reagan "did call Casey and expressed his continued confidence in him." The Associated Press reported.]

Mr. Casey said Monday through a spokesman that he would have no comment. But he apparently shared the news about his possible retention with several others and the details of Mr. Reagan's call seemed to be known at the senior levels at CIA headquarters Monday.

There has been considerable speculation within the Department of Defense about the quality of contractors' plants to withhold certain Texas Instruments microcircuits until the testing irregularities "can be evaluated and resolved."

The Pentagon order follows a series of Department of Defense actions halting shipments of aircraft and other military gear because of shoddy workmanship and other irregularities.

On Friday, the Department of Defense halted acceptance of 14 F-404 jet engines made by General Electric Co. Last month, the department cited poor workmanship in suspending payments to Hughes Aircraft Co. for the manufacture of three missiles.

Mr. Casey is one of several senior officials about whose tenure in a second Reagan term speculation has arisen. Others include Secretary of State George P. Shultz, Secretary of Defense Caspar W. Weinberger, the White House chief of staff, James A. Baker 3d, the deputy chief of staff, Michael K. Deaver, and Office of Management and Budget Director David A. Stockman. Sources said Monday that Mr. Reagan is unlikely to press any of his cabinet members for a resignation if re-elected.

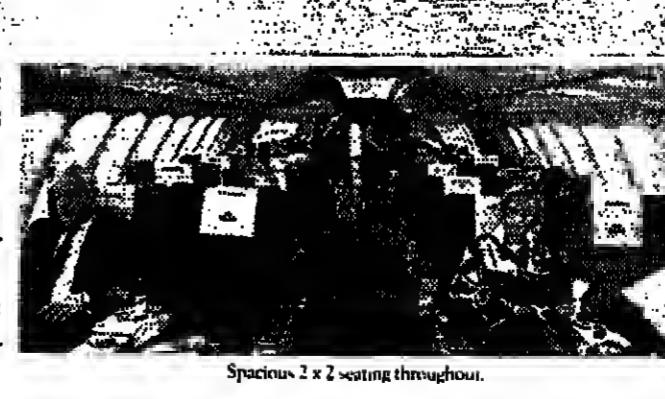
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## Gandhi's Political Stock Plummets In Furor Over Ouster of Rama Rao

By William K. Stevens  
*New York Times Service*

HYDERABAD, India — Just when Prime Minister Indira Gandhi's political stock seemed to be rising as a result of her bold action in June against Sikh extremists in Punjab, the furor over the dismissal last month of N. T. Rama Rao as the elected leader of the southern state of Andhra Pradesh appears to have sent it plummeting again.

"She has lost the advantage she gained after Punjab," said Bashiruddin Ahmed, a political scientist. The situation, he said, has "turned 180 degrees."

A number of other political observers as well as politicians and journalists say they believe that Mrs. Gandhi's parliamentary majority could be threatened in the coming general election.

"This one incident is going to

cost a lot of votes," Professor Ahmed said of the Andhra Pradesh affair. "She could partly retrieve the situation if Rama Rao were reinstated. But nothing short of that will work."

Before Mr. Rama Rao's dismissal, events seemed to be moving toward a relatively early general election, perhaps in November. Now, say some high-level politicians in Mrs. Gandhi's Congress-I Party, the election is likely to be held in January.

The dismissal of Mr. Rama Rao has evidently unified the opposition as never before. He is a former film star who won an overwhelming personal and party victory against the Gandhi forces in a state election in January 1983.

"All the opposition parties are rallying around him," said an official in Mrs. Gandhi's cabinet. "So far there has been no one to unite them, but this man will help in the process of opposition unity."

The Congress-I Party holds 39 of Andhra Pradesh's 42 seats in the lower house of Parliament, but most of those seats are now expected to go over to the opposition in the general election, no matter how good a recovery Mrs. Gandhi makes.

That, coupled with normal, anticipated slippage from Mrs. Gandhi's overwhelming victory in the 1980 elections, will "in the most charitable view," reduce her parliamentary majority to a thin margin, said G. K. Keedy, a journalist with close contacts in the Gandhi camp.

The overall Congress-I majority in the lower house of Parliament stands at two-thirds. Mrs. Gandhi would not necessarily lose control of the government if her party lost that clear edge. The Congress-I is commonly regarded as likely to emerge in any case with a plurality, thereby enabling Mrs. Gandhi to remain as prime minister at the head of a coalition government. She governed that way once before, from 1969 to 1971.

Nevertheless, Mrs. Gandhi's fortunes are seen as having deteriorated quickly and badly after the lift they seemed to get in June, when the prime minister sent the army into Amritsar's Golden Temple in an attempt to crush a militant Sikh movement that had brought Punjab state virtually to its knees.

Although as many as 1,000 people died in the battle at the Sikh holy temple, the boldness of the act seemed to restore Mrs. Gandhi's image as a strong, decisive leader. It also seemed to win her much favor among all but the Sikhs, many of whom were gravely offended by the temple raid.

But on Aug. 16, Ram Lal, a Gandhi appointee as governor of An-

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Indira Gandhi

dra Pradesh, dismissed Mr. Rama Rao as chief minister, asserting that he had lost his majority in the state assembly. The dismissal touched off nationwide protests, and at least 27 people died in ensuing riots in Andhra Pradesh.

Before the Rama Rao dismissal, the Gandhi forces had engineered the downfall of elected state governments in Sikkim and in Jammu and Kashmir. They tried to do the same thing late last year in the southern state of Karnataka, adjacent to Andhra Pradesh. But that attempt failed after it was disclosed that legislators had been bribed to switch allegiances.

The "toppling" maneuvers, as they are called here, were apparently designed to assert the Gandhi party's hold on state political machinery and state patronage in the general election campaign. Whoever holds governmental power in rural areas, where most of the votes are usually wielded in influence over voters in the cities.

### ■ 7 Killed in Hyderabad

Seven persons were reported killed and at least 30 wounded in Hindu-Muslim clashes in Hyderabad Tuesday in renewed communal violence. Reuters reported.

A Home Ministry spokesman

said that paramilitary reinforcements had been sent to Hyderabad Tuesday night from neighboring states to reinforce several thousand soldiers and paramilitary troops already in the city.

Police said the violence began when a 48-hour curfew on the city of three million residents was briefly lifted to allow residents to buy food.

They said the death toll since the communal clashes began Sunday during a Hindu religious festival had risen to at least 18 dead and nearly 150 injured.

The clashes erupted several hours after the state assembly adjourned without a vote on the political future of Mr. Rama Rao, delaying his plans to show he had majority support.

## Union, U.K. Negotiators Avert Mine Talk Failure

Reuters

EDINBURGH — Peace talks aimed at settling Britain's six-month-old coal strike nearly collapsed Tuesday and both sides agreed to meet again Wednesday for a fourth consecutive day.

Miners' leaders and the state-run National Coal Board now have held 15 hours of talks since Sunday, their longest round of negotiations since the strike began in mid-March.

Sources close to the talks said the negotiations almost broke down at one point and the National Union of Mineworkers issued a statement accusing the coal board of intransigence.

The statement from the National Union of Mineworkers followed a suggestion by the coal board that it was the union side that was holding up progress.

During a break in the three-day-old peace talks, the union said, "The NUM has put forward certain proposals but so far, due to the board's intransigence, serious difficulties remain."

Earlier Tuesday, the chairman of the coal board, Ian MacGregor, said his team had put forward proposals and the union had responded with what he called impractical suggestions.

Industry sources said the talks centered on the search for agreement on when a pit could be declared exhausted and closed.

The strike began when the miners rejected coal board proposals to close 20 pits it regarded as uneconomic.

Syria's motion said the ministers "highly appreciated" Lebanon's cancellation of its 1983 peace treaty with Israel and "condemned all similar agreements conducive to partial or separate solutions to the Middle East crisis."

In another clause, which appeared to signal a victory for hand-in-Arab states, the ministers "expressed profound concern at the many provocations by the U.S. which violate [Libyan] sovereignty and territorial integrity."

Libya's foreign minister, Ali Abdel-Salem al-Tureki, said in a speech Monday that U.S. warships were carrying out maneuvers off Libya, but did not say exactly where. "The continuation of American aggression ... represents a dangerous threat to the independence of Libya," he asserted.

The communiqué called for a nuclear-free Middle East but made no mention of any specific country's nuclear weapons.

It also deplored the "continuous escalation of great-power military presence in the Mediterranean" and said naval movements "which directly or indirectly threaten the interest of concerned Mediterranean members" should be stopped.

Yorkshire, in northern England, stones and firecrackers were thrown from a crowd of pickets at police protecting six miners on their way to work.

In the southeastern county of Kent, about 20 miners were arrested after scuffles with police.

## Egypt Cool To Criticism At Area Talks

Reuters

VALLETTA, Malta — Egypt was critical of a final communiqué issued Tuesday by nonaligned Mediterranean countries that assailed both the 1978 Camp David peace accords between Egypt and Israel and alleged U.S. "provocations" off Libya.

A senior Egyptian delegate said his country did not accept the criticism, sponsored by Syria and approved after long debate, of nine Mediterranean countries — Malta, Cyprus, Yugoslavia, Algeria, Tunisia, Morocco and Libya — and the Palestine Liberation Organization attended the two-day meeting.

[Egypt signed the document when the section referring to the Camp David accords was relegated to footnote status, United Press International reported.]

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A large picture of Enrico Berlinguer, right, the late leader of the Italian Communist Party, stands in the Rome fairground where the Communists are holding their annual festivities.

## Italy's Rock-and-Salami Communism

### Party's Festival Seems to Sell Everything But Socialism

By E.J. Dionne Jr.

New York Times Service

ROME — Maurizio Tomassoni is an activist in San Marino's Communist Party. But at the Italian Communist Party's Festa de l'Unità last week, Mr. Tomassoni was selling T-shirts bearing the Stars-and-Bars of the Old Confederacy.

Confederate flags at Communists Party festival?

"We'll sell just about anything," Mr. Tomassoni said cheerfully, pointing to his stand of Americans.

There are so many young people who like this flag. It reminds them of Elvis Presley.

Elvis Presley, rock video, salami and stereo shops, Apple computer handbooks, a string of American movies and even the New York City Ballet: This is the stuff of Italian communism, at least as represented by the Festa de l'Unità, an 18-day celebration here that the party has organized to entertain the faithful and attract the curious.

Of course, there is ideology, too, at this annual event. Red flags flutter everywhere and Communists parties from all over the world have set up booths. But across the fairground, with its 20 restaurants, 15 cafés and 12 bars, such politicking is definitely not the main show.

The other night, a Soviet Intourist stand stood desolate while visitors crowded into a Gerardo stereo shop next door, entertained by hard-driving rock music and a light show.

Two cartoons in last Wednesday's editions of *La Repubblica* captured the tone. In one of them, a doleful Karl Marx declares: "This year, I'm not going to the Festa de l'Unità. I don't know anybody there, anymore." In another, a young man surrounded by signs for Fiat, Olivetti and Fiorucci salami asks a comrade: "And what about socialism?" "Sorry," the comrade replies. "We couldn't find a sponsor. How about a sauna?"

The Italian Communist Party savors this image of undiscerning eclecticism, which has brought it to an important point in its history. Last June, the party's longtime leader, Enrico Berlinguer, died and

set off a wave of national mourning which even his old adversaries praised his honesty and intelligence.

In the elections for the European Parliament six days after Mr. Berlinguer's death, the Communists achieved a breakthrough they had been struggling toward for 40 years: They outpolled the dominant Christian Democrats by three-tenths of 1 percent, and pledged to seek the party presidency through negotiations or through a party election.

"There can be no meaning to [negotiations] without a candidacy," he said, adding, "I think our faction members are carrying on their debate with [my] candidacy as a pre-condition."

Mr. Miyazawa's statement, made at a news conference at Takamatsu on Shikoku Island, was the first open challenge to Mr. Nakasone's hopes of obtaining a second two-year term.

At the same time, Kakuei Tanaka, a former prime minister, declared in two meetings of his party faction, the largest within the ruling Liberal Democrats, that his 118 members in the Diet or parliament would not offer a candidate. He indicated that they would support Mr. Nakasone for a second term.

It was the first time that Mr. Tanaka has said without qualification that his faction would not field its own candidate.

Although he did not mention Mr. Nakasone by name, Mr. Tanaka's remarks were taken as tantamount to an endorsement of the incumbent prime minister, who was elected two years ago primarily through Mr. Tanaka's support.

Mr. Tanaka remains the undisputed king-maker of the ruling party in spite of his conviction on a sharp critique in the context of U.S. policy: it was far from the European left's style. And the party freely reprinted the article's criticisms of the Soviet Union.

Thus do the Italian Communists keep trying to look Social Democratic while claiming allegiance to a revolutionary past: red flags flying over microcomputers. Mr. Occhetto laughed off the contradictions: "It's the joke of the dialectic," he said.

At the festa, the local party section from Magliana, a suburb of Rome, seemed to succeed best at putting all these elements together.

The section's fund-raising gimmick was an electronic peace game that took the form of a giant map of the world. For 60 cents, a contestant could get to flip a switch that lit up one small square. Some of the squares were empty, others contained weapons of war.

"You're trying to knock out missiles," explained Daniella Archivo, a party member. "If you knock out a bigger missile, you get a bigger prize."

And Giulio Sordoni, another party member, added: "We've divided the missiles equally all over the world. Not just America."

The party, he insisted, took a fair-minded view of the land of Elvis Presley.

## UN Honors U.S. Merchant Captain, 2 Seamen for Rescuing Vietnamese

By Iain Guest

International Herald Tribune

GENEVA — The office of the United Nations High Commissioner for Refugees (UNHCR) said Tuesday that it had given its highest award to an American merchant captain and two of his crew members, who plunged into the sea to rescue Vietnamese refugees.

UNHCR officials said the award to the three seamen was intended to encourage ship captains to rescue Vietnamese "boat people" instead of leaving them to the mercy of pirates and the weather. The practice of abandoning refugees, they said, was on the increase.

The officials said that the Nansen Medal, named after Fridtjof Nansen, a Norwegian who was the first commissioner of refugees by the League of Nations, would be presented in Geneva on Oct. 8 to Lewis Hitler, captain of the Rose City, and two crewmen, Jeff Kass and Gregg Turay.

The officials said that 85 Vietnamese refugees were saved "from almost certain death" on the night of Sept. 21 last year after Captain Hitler diverted the Rose City to answer their distress signal during a

heavy storm in the South China Sea.

The two crewmen then jumped into the swell and rescued two refugees clinging to life belts. A third refugee drowned. The group of 85 was subsequently disembarked at Singapore and has since been resettled in the West.

The award is considered significant because the Nansen Medal is usually presented to international-known personalities. The first recipient, in 1954, was Eleanor Roosevelt. Last year, the medal was given to President Julius Nyerere of Tanzania.

During the first six months of 1984, 14,762 Vietnamese refugees arrived in neighboring countries by boat. This figure, as well as being substantially lower than last year, was only marginally higher than the 14,195 refugees who took advantage of the UNHCR "orderly departures program" from Vietnam, instead of risking their lives in boats.

Officials said, however, that this progress was offset by the fact that fewer ships are stopping to pick up refugees in distress. This year, the proportion of refugees rescued at

## Nakasone Faces Challenge by Leader Of Faction in Japanese Ruling Party

By Sam Jameson

Los Angeles Times Service

TOKYO — Kiichi Miyazawa, a leading policy-maker of Japan's ruling Liberal Democratic Party, declared Monday that he would probably challenge Prime Minister Yasuhiro Nakasone in voting in November for party president, a post that comes with the premiership.

Mr. Miyazawa, a bureaucrat-turned-politician who has served in a variety of cabinet posts, said that his faction of the ruling party, led by former Prime Minister Zenko Suzuki, is now discussing such a challenge. And he added that the discussion centered on whether to seek the party presidency through negotiations or through a party election.

"There can be no meaning to [negotiations] without a candidacy," he said, adding, "I think our faction members are carrying on their debate with [my] candidacy as a pre-condition."

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charges of accepting a \$1.8-million bribe from the Lockheed Aircraft Corp. during his 1972-74 term as prime minister.

A Miyazawa candidacy would deprive Mr. Nakasone of the backing he got from the Suzuki faction two years ago but, with Mr. Tanaka's 118 followers and his own 56, Mr. Nakasone would be assured of the support of at least 44 percent of the Liberal Democrats in parliament who vote for party president.

Political observers said that Mr. Miyazawa, who has never run for party presidency, might feel that he had to make the effort now to lay the groundwork for a stronger campaign in two years.

If Mr. Miyazawa makes a formal bid, Foreign Minister Shuntaro Abe is also expected to run against Mr. Nakasone. Candidates are sched-

uled to declare themselves on Oct. 29.

The party's 392 members in both houses of parliament will vote in late November to elect their president. However, an election could be avoided if a consensus were to be reached through discussions.

Mr. Nakasone's general performance in foreign affairs and, especially, his close personal relationship with President Ronald Reagan, are highly rated here and abroad. However, his image in domestic affairs has been tarnished by his reliance on Mr. Tanaka for backing within the ruling party.

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# INTERNATIONAL Herald Tribune

Published With The New York Times and The Washington Post

## Beyond Exchange Rates

September brings the annual meeting of the Board of Governors of the International Monetary Fund and its sister institution, the World Bank. It was the IMF that inaugurated the fixed exchange-rate system after World War II and presided over the switch to floating rates 30 years later. The contrast between prosperity during the fixed system and the troubles that succeeded it tempts IMF watchers to ask whether the floating system works. One might as well ask whether a spade works.

The fixed-rate system broke down because it was abused; in particular, a provision for refixing obviously aberrant rates was left out in the rain and it rusted up.

The floating-rate system has been criticized because of vast swings in the values of currencies. Undeniably, when a currency's international value starts changing because of divergent trends in prices and demand, inventions and innovation, the process overshoots and we move temporarily from one wrong pattern of exchange rates to another.

But it is not clear that the volatility of rates under the floating-rate system has harmed the world more than the abuse of the fixed-rate system did before it was abandoned. Even the IMF staff finds no convincing evidence that world trade and investment have suffered from this cause.

An exchange rate is a price. In market economies the amounts of money needed to buy wheat, automobiles or cotton shirts have to move up or down, in relation to each other, to bring supply and demand into balance — to clear the market, in the technical jargon. Is it more harmful when the number of French francs needed to buy an American dollar moves?

The question may seem strange to those who have witnessed the disturbing economic effects of the price of oil moving from \$2 to \$30 a barrel, or the price of a dollar rising from less than four French francs to more

INTERNATIONAL HERALD TRIBUNE

## The Deaths in Nicaragua

The latest U.S. argument over Nicaragua centers on the death of two American civilians who had joined anti-Sandinist insurgents and were killed in a clash with Nicaraguan government forces inside that country. Nicaragua charges that the two were "CIA mercenaries" while the U.S. government and the group to which they belonged say they were unpaid anti-communist volunteers. Critics suggest that the Reagan administration is at the least coddling such volunteers and perhaps moving toward introducing American forces.

On the big question of whether American troops may eventually fight in Nicaragua or El Salvador, we see no possibility that this administration will take on a plainly antagonistic public or put down its own considerable internal resistance to the idea. It is a long way from the working-level solicitude shown, unwisely, to some private Americans who turn up in Central America. In fact, the reported private aid may reflect not an expansion of the official American presence but a contraction. Congress has rejected further funding of the "secret war" in Nicaragua after Sept. 30, and has kept the Salvadorans guessing. Into the gap some private aid has flowed.

A more intriguing question is posed by the death of the two Americans in Nicaragua. Just what is wrong with what they did? American citizens are free to pursue their political beliefs

— THE WASHINGTON POST.

## 48-Hour Balanced Budget

Pre-election congressional sessions invite political ploys, and at first glance Speaker Thomas P. O'Neill's latest promise just seems another of them. Mr. O'Neill has promised that, if President Reagan submits a balanced budget, the House will vote on it within 48 hours. Everyone knows this is a promise Mr. O'Neill will never have in delivery. Everyone understands it is a partisan riposte in the Republican charge that it is the Democrats who prevent the budget from being balanced.

Grant all that. Even so, Mr. O'Neill's promise usually illuminates the debates on policy and politics. The speaker does not promise to support any balanced budget the president should propose; he just promises to let the House vote on it. But before you call Mr. O'Neill a hypocrite, ask yourself this: Which member of the House, all 435 of whose seats are up in November, would vote for a balanced budget? Far fewer, we wager, on both sides of the aisle, than you will hear raptly praising the balanced budget in the abstract.

Few in Congress, or elsewhere, have given

— THE WASHINGTON POST.

## FROM OUR SEPT. 12 PAGES, 75 AND 50 YEARS AGO

1909: Dr. Cook Is Not "Ungentlemanly" LONDON — "Reynolds' Newspaper" remarks: "It seems probable that we are in for a bitter and prolonged controversy as to who is entitled in the honor of being acknowledged as the first discoverer of the North Pole. Many of the suggestions made about Dr. Cook are altogether unworthy of those who profess to have any scientific interest in the question at all. In criticism of him, there seems to be a kind of underlying feeling that it was an ungentlemanly thing to do to discover the Pole before Commander Peary, who had often tried. To give Dr. Cook his due, his tributes to Commander Peary have been generous, and his own story has been told with modesty. We are content to accept his account provisionally."

1934: Louisiana Votes Under Bayonets NEW ORLEANS — Bayonets bristled in New Orleans and other anti-LONG parishes as the people of Louisiana went to the polls [on Sept. 11] under the virtual military dictatorship established by Senator Huey Long to assure his candidates' election and complete his political domination of the state. The "Kingfish" is seeking the re-election of two Congressmen, a Supreme Court Justice and a member of the Public Service Commission. Senator Long took over New Orleans with the aid of the state legislature and 3,000 National Guardsmen two weeks ago, after he previously had seized the Parish Registrar's Office and had struck from the election rolls all names he considered hostile to his candidates.

— THE WASHINGTON POST.

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## Pinochet as the Emperor of Chile: Less an Augustus Than a Caligula

By Ariel Dorfman

BETHESDA, Maryland — For 11 years, each time I have turned on the radio, it has been with the hope that the next bulletin would report that Chile's ruler, General Augusto Pinochet, has been overthrown.

Ever since he led a bloody coup against the elected socialist president, Salvador Allende, on Sept. 11, 1973, I have waited in each of my many exile homes for that dispatch from Santiago. Instead, the radio insists on bringing other news: of fortune and international bank loans, of people abducted in the night, of fraudulent plebiscites, of concentration camps.

At each of the general's crises, I have told myself: This time he will have to go. But he has outlasted all predictions.

Last year, it seemed as if my prophecies were finally being shared by most Chileans. General Pinochet's much-vaunted economic miracle had turned into the mirage that, to many, it had always been — with one-third of the labor force jobless, thousands of bankruptcies, the highest foreign debt per capita in Latin America and a record 14-percent drop in the gross national product. Millions of people, hanging and panting, were demanding his resignation. Reports of his personal corruption began to surface in a press that could no longer be muzzled. His days were numbered, or so it appeared.

Yet, he has survived. Many critics who a year ago believed he was doomed now expect that he may misrule Chile until the end of the millennium. Apparently sharing that perception, the general recently went so far as to publicly compare himself to a Roman emperor.

How to get rid of a two-bit emperor? The answer of most Chileans has been, until now, fundamentally nonviolent. It is true that some fringe groups on the extreme left advocate armed struggle, and also true that the strong Communist Party, which for 60 years had sustained the

idea that socialism could be reached without use of force, has proclaimed the right of public insurrection. But the Communists have not engaged in any significant acts of armed resistance.

They are held back, I believe, not only by the intuition that such a course might prove suicidal but also by the hope of most people, their own militants included, that change can come about without a long civil war such as El Salvador's.

The typical attitude is that of hundreds of thousands who the other day stopped at noon to sing "Thanks to Life," a song by Latin America's greatest folk artist, the Chilean Violeta Parra. This is the Chileans' answer: Despite having been raped, we do not want to reply with more pain and death.

If there is any Latin American country where active nonviolence has deep roots, it is Chile.

Then why is there no more international support for this movement? The United States keeps condemning terrorism, keeps stating that people should not resort to aggression in solving their problems. But what vigorous steps has the Reagan administration taken to help the Chileans rid themselves of oppression and injustice through peaceful means?

There is still a chance that my long wait by the radio will not prove futile. Augusto Pinochet remains in power only because he confronts a divided opposition and is supported by a united army. If the situation were reversed, he might find that the emperor he incarnates is not his namesake Augustus Caesar, as he must believe, but Augustus' great-grandson, Caligula, who was eliminated by his praetorian guard.

If there is not a change soon, many Chileans, especially those who live in the most extreme deprivation and have been mercilessly persecuted, will despair of putting their unarmed bodies in front of bullets. They would then be exercising a legitimate right to rebel against tyranny, as did



Drawing by Seldemus.

the American colonies. If that happened, the U.S. State Department, you can be sure, would issue a strident statement deplored the rebels' violence and calling on them to use less warlike means to achieve their ends. A more practical approach, beginning this minute, would be to prod General Pinochet into abdicating by resoundingly deplored the real violence he exercises on a people who may be defenseless but who are not endowed with infinite patience. And by applying pressure. Otherwise, another El Salvador may be in the making.

The contributor, a writer whose latest book is "Widows," a novel, wrote this comment for The New York Times.

## The Sacred and the Secular

### In America, an Ironic Contrast to the Kennedy Pledge

By Theodore C. Sorenson

NEW YORK — It all sounds distractingly familiar. A spokesman for the religious right declaring that his followers will "determine who gets elected" president. The revelation at the Republican National Convention that God is spelled G.O.P. A letter from a Republican senator to fundamentalist ministers that focused on only one issue — not peace, mercy or justice, but whether a candidate is so beholden to one religious group that he would use his influence as president to craft that group and its public policy positions above all others. It sounds like 1960 all over again.

In 1960, these religious right leaders were vociferously opposing the election of John F. Kennedy, accusing him, as a Roman Catholic, of inherently lacking the independence necessary to separate his official policies from his church's precepts. In 1984, they are vociferously supporting the re-election of Ronald Reagan because he has for four years consistently used the Oval Office to advance their religious and governmental views.

Twenty-four years ago Tuesday, in an address to the Protestant clergy of Houston, Mr. Kennedy replied to his accusers. He proclaimed his profound opposition to any attempt to distort the presidency "by making it an instrument of any one religious group." He declared his strong support for an America "where no religious body seeks to impose its will directly or indirectly upon the general populace or the public acts of its officials," an America where the president's religious views are his own private concerns, neither a test for

holding public office nor imposed by his office upon the public.

How ironic that the same pious preachers who extracted these pledges from John F. Kennedy now embrace Ronald Reagan for violating every one of them. How ironic that a president who campaigned on the need to limit government's role has so entangled it in matters once reserved for the individual conscience and family.

Mr. Kennedy, in his Houston address and later in the White House, also responded to more specific questions on church-state relations — whether he would send an ambassador to the Vatican, support financial aid for parochial schools, repudiate the Supreme Court decision on school prayer, reduce foreign aid because of the recipient's population-control practices, or "subvert" the First Amendment's guarantees of religious freedom.

He rejected all of these positions. President Reagan has adopted every one of them.

Mr. Reagan correctly asserts that religious and moral values are relevant to any consideration of public issues. It is, moreover, his right to seek votes from any religious group, and the right of any clergyman, the Reverend Jerry Falwell as much as the Reverend Jesse Jackson, to participate in political and public policy debates. But when the president and his supporters use religion as a sword to undercut his political opponents and a shield for

his policy views, when he damns those who disagree as "intolerant" or against religion, when he uses the White House to impose a particular religious group's values on national affairs, he is eroding the basic principles that the nation adopted in 1791 and effectively strengthened in 1960.

After the divisive and destructive religious ran-

ger of the 1960 campaign most Americans devoutly hoped that Mr. Kennedy's Houston speech, election and conduct of the presidency had settled "the religious issue," that no president and no religious majority — even a self-anointed Moral Majority — would thereafter dare to challenge or attempt to coerce anyone else's religious or political standing. Mr. Reagan, in dashing those hopes, has opened a Pandora's box, releasing into the atmosphere dark elements of bigotry, disunity, incivility, hatred — everything but hope.

What can be done about it? When Mr. Kennedy was asked in 1963 about the potentially adverse effects of the Supreme Court's decision barring state-organized prayers in public schools, he replied: "We have a very easy remedy.... Pray a good deal more at home."

To restore the crumbling wall between church and state, that simple remedy is still available and is made more effective if exercised with another basic remedy: the right to vote.

The writer, a New York lawyer, was special counsel to President John F. Kennedy. He contributed this comment to The New York Times.

In the Vatican, a Cautious Line on Liberation Theology

By Juan de Onis

RIO DE JANEIRO — The Vatican can, in issuing last week an extensive "instruction" to Roman Catholics on the so-called theology of liberation, condemn the mingling of Marxist teachings with the social and political views of some church sectors, particularly in Latin America. A few days later, as if to personalize the solemn instruction, a leading figure in Third World theology, Leonardo Boff, a Brazilian Franciscan, was submitted in questioning to the Holy See by Cardinal Joseph Ratzinger, prefect of the Sacred Congregation for the Doctrine of the Faith.

The church adopted the concept of a "preference for the poor" at conferences of bishops at Medellin, Colombia, in 1968, and at Puebla, Mexico, in 1979. These conferences tried to apply the decisions of Vatican Council II and the major social encyclicals of Pope Paul VI to Latin realities.

The evolution of the theology of liberation in this region, beginning with the Reverend Gustavo Gutiérrez of Peru, paralleled this aggiornamento, or coming to terms with realities.

the present rules of the game in returning for personal security and institutional religious and welfare services, or it takes seriously the experiences of the base communities and the passions of the people, leading its voice and its social weight to promote structural changes.

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The evolution of the theology of liberation in this region, beginning with the Reverend Gustavo Gutiérrez of Peru, paralleled this aggiornamento, or coming to terms with realities.

What is extreme cases, radical Roman Catholics emerged who sought to picture a Christ returning to Latin America today as a guerrilla fighter. Some priests in Central America and Colombia joined guerrilla forces.

But the mainstream of the liberation movement is less flamboyant, and its best thinkers pose an evolved theological body of thought that goes to the heart of Roman Catholic belief and church government.

Theology of liberation deals in social and political realities. It has identified the concept of sin with social injustice, which it attributes to the capitalist system, liberal "individualism" and the dependency of Third World countries on "imperialism."

These concepts derived, according in some of the leading liberation

theologians, from Marxist social analysis that considers class conflict the main cause of historical change through social revolution. This affinity of temporal thought between the liberation movement and the Marxists is what the Vatican has condemned — but last week's instruction notably does not condemn the movement for seeking social changes that will favor the poor.

The main thing for me is that the Vatican does not place itself against the base communities," Father Boff said before appearing in Rome.

Whatever the Vatican had in mind in issuing its instruction and questioning, Father Boff, the likely response is to give even greater momentum in the theology of liberation, wherever Catholics want the church to be on the side of the oppressed.

Los Angeles Times

## That Dallas Platform Isn't Harmless

By C.W. Maynes

This is the first of two articles.

WASHINGTON — The Republican Party platform has been described as a very conservative document and dismissed as a piece of paper that no White House incumbent, including Ronald Reagan, would follow in office. But this blase attitude betrays an ignorance of the political revolution that has taken place in the party.

The party is increasingly dominated by a radical right initially cut off with the rest of the democratic world, including the most conservative portions of that world. A Republican Party dominated by the men who controlled the proceedings in Dallas could not fail to place a great strain on America's friendships throughout the world, particularly after the current, relatively pliable White House incumbent leaves the political scene.

The Dallas platform is sobering because it shows how little effect the experience of wielding power has had on the foreign policy views of the ascendant faction of the Republican Party. The platform is not a conservative document but a radical manifesto that carries falsehood and irresponsibility to new levels for American politics.

The Carter administration is accused of "diminishing" U.S. military capacity, and of "unilateral disarmament." In fact, that administration reversed earlier trends of declining military budgets.

The Carter-Mondale administration is depicted as anxious to sign agreements with the Russians "at any price." In fact, that administration entered into and then froze or

broke off negotiations with the Soviet Union over the Comprehensive Test Ban Treaty, limitations on naval forces in the Indian Ocean and conventional arms transfers, because it could not agree on terms.

Mr. Carter could also have had a SALT agreement in his first year if he had been willing to exploit immediately the conceptual breakthrough that President Ford had achieved at Vladivostok in his talks with Leonid Brezhnev. Instead he chose to seek a much more ambitious agreement, failed, and finally had to settle for terms very close to those Mr. Ford had



## INSIGHTS



A Shining Path, or Sendero Luminoso, guerrilla, imprisoned in Peru, studies the thoughts of Mao in his cell.

## Peru's Rebels Operate by Their Own Rules

## Shining Path: Brutal, Secretive and Imbued With a Near-Messianic Zeal

By Marlise Simons

New York Times Service

**L**IMA — They bury dynamite, occupy villages, recruit the poor and indoctrinate the young. To some, they are disciplined idealists full of soaring promises of a better world. To others, they are fanatical executioners.

It seems a familiar story about leftist rebels, this time set in the Peruvian Andes, among the Quechua Indians. But the Shining Path, or Sendero Luminoso, guerrillas, against whom Peru's government recently ordered a large-scale military drive, go by an entirely different set of rules.

Claiming to be the only vanguard of world revolution, they hold Havana, Moscow and Beijing in contempt and appear to admire only the radical Gang of Four that tried to seize power after the death of Mao in 1976.

They have puffed South America's liberals and leftists, who usually sympathize with revolutionaries. Among Peruvian politicians, both the far left represented in the parliament and the Marxist mayor of Lima have disowned them. So has China's Foreign Ministry.

Large-scale killing appears to take place on both sides of the Peruvian conflict. In August, several mass graves were found and the bodies they held were apparently those of the victims of military repression against suspected Shining Path guerrillas. Late in the month, when the army commander in charge of the drive suggested a more political approach to the problem, he was dismissed.

For a long time, little was known about the guerrillas except that they frequently executed perceived enemies. Their numbers, organization and ideology remained much of a mystery. They showed no interest in publicizing themselves in the press. Atilio Guzman, their founder and leader, has not been seen by outsiders for six years.

But a recent visit to a men's and a women's prison provided some of the first interviews with middle-ranking leaders of the group, offering some direct insight into their nature and philosophy.

According to officials, Peru is holding 835 people on charges of terrorism, of whom 260 are in Lurigancho, the nation's largest prison. The bleak compound sits on a mean, brown strip of windy desert just outside Lima. Compared with the other, rowdy cellblocks, where guards said they could not guarantee a visitor's safety, the separate "political" wing seemed a model of silence and work.

Such special quarters for political inmates are not unusual in Peruvian prisons, where the prison authorities provide almost no food, clothing or library services. Such things as food, bedding, reading materials and like are provided by relatives. The inmates are left much in their own devices in their quarters and are free to decorate the walls with political banners and stock their libraries with leftist political literature.

Amid broken windows, swarms of flies and the stench of an open sewer, the guerrilla prisoners — young and middle-aged men with Indian features — were writing, weaving or reading books from their own small libraries.

Frayed volumes had been stitched with cotton thread: texts of Mao and Lenin, a Bible, poetry from Spain, the writings of José Carlos Mariátegui, the Peruvian who wrote half a century ago that "Marxism-Leninism will open the shining path to revolution" and thus provided the group with its name.

In the isolation of Ayacucho, in 1970, Mr. Guzman and a group of teachers and students formed the Communist Party of Peru, which became known as the Shining Path.

They spent the next 10 years laying the groundwork for guerrilla warfare, using research projects to study peasant life and recruit members in the outlying Quechua Indian communities, the poorest and most neglected part of Peru. At the same time, according to an intelligence source, they infiltrated the police, the

military and public utility companies in the cities.

"Many people wanted action; they were tired of the endless hairsplitting of the left," a Ayacucho resident recalled.

The prisoners were asked why their war was

to continue in 1980, when Peru obtained an elected government after 12 years of military rule.

"To show the whole system is rotten," said a young man who called himself Carlos. "The government is irrelevant to most poor people, it's all the same, civilian or military."

Since then, the guerrillas have killed more than 100 policemen and many more villagers and minor officials and their acts of sabotage have caused losses of \$75 million.

If Mao said that an alliance of the peasantry, the proletariat and the middle classes was the way to make a revolution, why had Shining Path killed peasants, small-business men and minor officials in the villages and towns? There were reports of a massacre of about 70 people in the village of Lucanamarca last year.

**T**HERE had been no massacres, only "government propaganda" to discredit their movement, a young man replied. Another prisoner added, "Some people have been executed, traitors, informers, exploiters of the people. This is a war."

The prisoners gave no direct answers to questions about the size of the organization, its financing or its reported tight cellular structure.

On occasion, there were glimpses of the Maoist style of self-sufficiency and insularity that reportedly inspired Shining Path. Unlike Central America's rebel groups, Shining Path appears not to depend on outside supplies or solidarity.

The movement needed little money, the prisoners said, because living off the land was an important part of their strategy. With the absolute faith that characterized most of their statements, a prisoner said, "Shortages will always be overcome if the path is right."

That path appears to include stealing and fabricating weapons. The police said the guerrillas have stolen 35 cases of dynamite so far this year and showed ingenuity in inventing weapons: they tossed dynamite sticks with llama hair strings, a weapon of Indian herdsmen, made bombs out of cans and turned fishing-line guns into mortars. Most of the confiscated firearms, the police have said, were stolen from the police and military.

The Chorrillos women's prison, coverings

followed much the same lines. Of the 30 women held on charges of terrorism in Peru, six live in a large room, among babies and cans of powdered milk. In Peru's traditional society, many people have been shocked by the fact that women have not only joined the guerrillas but at times have reportedly led attacks.

Holding her baby, born in prison two months earlier, Liliam Torres, 23, said she had worked as a maid and a street vendor in Lima from the time she was 17.

She had been afraid at first "to join the party," she said, but became aware of her responsibility when she learned about "the class struggle" and the "offensive of world revolution" taking place in Peru.

"Now I am happier," she said. "I have stopped being a vegetable."

Another member of the group, Irene Aedo, said she was a peasant woman from Ayacucho, "desperate" about her six children abandoned back home. The "beliefs" of the other women, she said, "will not enter into my head."

The women did not have the militancy of the men, perhaps because they live in a much smaller group.

It was noon in Lurigancho Prison when the men prepared to eat the soup they had cooked. But first they conducted their revolutionary rites. Lining up along the walls, in a wheelchair, the quiet group quickly turned into a fierce choir.

"The masses roar, the Andes shake," some 50 men shouted, clapping hands and raising fists. "Police canons fodder, the revolution will smash you."

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NYSE Most Actives						
Vol.	High	Low	Last	Chg.	Close	Chg. %
AmAer	2870	216	215	+ 16	215	+ 16
PhiCo	1972	716	715	+ 16	715	+ 16
FedEx	1524	1500	1494	+ 16	1494	+ 16
AT&T	1520	1156	1154	+ 16	1154	+ 16
LTV	1255	1189	1187	+ 16	1187	+ 16
Prudco	1208	1204	1202	+ 16	1202	+ 16
Exxon	10873	4456	4454	+ 16	4454	+ 16
AT&T B	9893	1576	1574	+ 16	1574	+ 16
Compa	833	2046	2044	+ 16	2044	+ 16

Dow Jones Averages						
Open	High	Low	Last	Chg.	Close	Chg. %
Indus	1312.23	1212.23	1196.23	+ 16	1197.23	+ 16
Trans	510.95	511.65	510.95	+ 16	510.95	+ 16
Util	1576	1574	1572	+ 16	1572	+ 16
Comps	5262	5162	5162	+ 16	5162	+ 16
Adv.	1252	1250	1250	+ 16	1250	+ 16
Trans.	1182	1180	1180	+ 16	1180	+ 16
Utilities	1152	1150	1150	+ 16	1150	+ 16
Finance	467.25	467.25	467.25	+ 16	467.25	+ 16

NYSE Index						
High	Low	Close	Chg.	Close	Chg. %	
Composite	95.28	95.28	95.28	+ 0.16	95.28	+ 0.16
Materials	117.12	117.12	117.12	+ 0.16	117.12	+ 0.16
Trans.	86.45	85.81	85.81	+ 0.16	85.81	+ 0.16
Utilities	46.77	46.77	46.77	+ 0.16	46.77	+ 0.16
Finance	92.43	92.43	92.43	+ 0.16	92.43	+ 0.16

# Tuesday's NYSE Closing

Vol. of 4 P.M.	101,348,000
Prev. 4 P.M. vol.	74,416,000
Prev. consolidated close	76,628,735
Tables include the nonfillable prices up to the closing on Wall Street	

AMEX Diaries						
Class	Prev.	Close	Chg.	Chg. %	Week	Year
Advanced	200	201	+ 1	+ 0.5%	201	+ 0.5%
Declined	221	213	- 8	- 3.6%	213	- 3.6%
Unchanged	267	267	+ 0	+ 0.0%	267	+ 0.0%
Total Issues	587	578	- 9	- 1.6%	578	- 1.6%
New Highs	12	12	+ 0	+ 0.0%	12	+ 0.0%
New Lows	17	17	+ 0	+ 0.0%	17	+ 0.0%
Volume up	2,033,368	2,111,330	+ 77,962	+ 3.8%	2,111,330	+ 3.8%

NASDAQ Index						
Class	Prev.	Close	Chg.	Chg. %	Week	Year
Composite	251.90	251.70	- 0.20	- 0.8%	251.70	- 0.8%
Materials	221.20	219.70	- 1.50	- 0.7%	219.70	- 0.7%
Pharm.	221.20	220.70	+ 0.50	+ 2.3%	220.70	+ 2.3%
Insurance	207.61	207.20	- 0.41	- 2.0%	207.20	- 2.0%
Utilities	210.43	210.20	- 0.23	- 1.1%	210.20	- 1.1%
Bonds	203.41	203.41	+ 0.00	+ 0.0%	203.41	+ 0.0%
Trans.	227.30	224.00	- 3.30	- 1.5%	224.00	- 1.5%

AMEX Most Actives						
Vol.	High	Low	Last	Chg.	Close	Chg. %
CryoO	361	356	356	+ 1	356	+ 1
Adtrac	194	192	192	+ 1	192	+ 1
Altria	174	172	172	+ 1	172	+ 1
Tran	718	712	712	+ 1	712	+ 1
Domex	1275	1272	1272	+ 1	1272	+ 1
DeppD	1250	1248	1248	+ 1	1248	+ 1
PortSm	124	124	124	+ 1	124	+ 1
Altria	124	124	124	+ 1	124	+ 1

AMEX Stock Index						
High	Low	Last	Chg.	Chg. %	Week	Year
217.15	211.50	212.49	+ 0.61	+ 0.28%	212.49	+ 0.28%

## Prices on NYSE End Mixed

United Press International

NEW YORK — Prices on the New York Stock Exchange, which surged at the outset, finished with mixed results Tuesday when some investors cashed in on profits in blue-chip issues.

Some of the late selling, according to analysts, was caused by reports that the chairman of the Federal Reserve Board, Paul A. Volcker, said he did not plan to change policy in the near future.

The Dow Jones industrial average, up 13 points at midday after shedding 4.86 Monday, fell 4.53 to 1,197.99, the lowest level since it finished at 1,196.11 on Aug. 8.

Advancing stocks led declines ones by a ratio of almost 2 to 1. Volume was 101.4 million shares up from 74.4 million Monday. It was the heaviest trading since 116.1 million changed hands Aug. 22.

The market is still consolidating its early August gains and that's one reason for the churning action we have seen the past couple of days," said Alan Ackerman of Herzfeld & Stern. "There is a battle between those who believe interest rates are coming down and those who don't believe it.

Stocks and bonds surged at the outset as key federal funds rates dropped to 11 1/4 percent from the 11 3/4 percent level of last week.

But the rally cooled off after Salomon Brothers' chief economist, Henry Kaufman, countered rumors by saying he had not changed his long-term outlook for higher interest rates later this year.

Monte Gordon of Dreyfus Corp. theorized some late weakness might have been caused by

concern that sharply lower interest rates might not be "all that good."

"This economy has gone through a fundamental change in that it needs funds from all over the world," Mr. Gordon said. "That's one of the reasons for high interest rates."

"If interest rates go down, then how do you finance the deficit?" the foreign money might become short. And if we can't get that money, then things would slow down considerably more than hoped," Mr. Gordon said.

The U.S. government's latest survey showed businesses plan to spend 13.3 percent more for new plants and equipment than last year, down from the 14.3 percent in the previous study.

American Agromatics was the most active NYSE-listed issue, up 1/4 to 2 1/2 following a block trade of 2 million shares at 2 1/2.

Texas Instruments shrank 6 1/2 to 135. The U.S. Defense Department Monday halted acceptance of military equipment containing suspected faulty microcircuits produced by Texas Instruments.

Despite the TI problem, military-related issues were strong. United Technologies gained 1/4 to 37.4, McDonnell Douglas 1/4 to 66, Lockheed 1/4 to 44 1/2, Boeing 1/4 to 54 1/2 and Rockwell International 1/4 to 30 1/2.

Applied Magnetics lost 1/4 to 8 1/2. The company projected a fourth-quarter loss after a \$2.7-million profit a year ago.

12 Month High Low Stock	Div. Yld. PE	Stk. Div. High Low	Close	Chg. Chg. %

## BUSINESS ROUNDUP

## British Aerospace Profit Rose 54% in First Half

Reuters  
LONDON — British Aerospace PLC reported Tuesday a 54-percent rise in first-half pretax profit to £56.3 million (\$71.6 million). It said it was confident of maintaining strong growth for the rest of this year, given a continuation of present market conditions.

Steps taken in recent years to match group resources with expected sales are beginning to take effect and will help increasingly over the next term, the company said.

The company said it was seeing a

modest but important upturn in the civil-aviation market, particularly for smaller planes with up to 100 seats.

British Aerospace said there was continued worldwide airline interest in its new BAe 146 short-haul jetliner after initial sales in California and Australia.

Its Jetstream 31 commuter aircraft was selling well, with the production rate rising, while a new business jet, the BAe 125-800, has received British and U.S. certification and 21 orders.

The Tornado fighter program is attracting considerable overseas interest, the company added. Also, trials to establish a program for a European fighter aircraft are continuing with European governments and industrial partners.

The new Hawk single-seater strike aircraft is due for its first flight in 1986.

## British Interest Rates Cut

Reuters

BRUSSELS — The Belgian central bank said Tuesday that it cut interest rates on one-, two- and three-month treasury certificates to 11.25 percent from 11.30 percent, effective immediately. Interest rates were last changed Sept. 4, when they were cut from 11.45 percent.

## 2 French Makers Of Vaccines Agree to Merge

United Press International

PARIS — Two of France's biggest pharmaceutical companies have agreed to merge to become the world's second-biggest producer of vaccines, the companies said Tuesday.

Institut Pasteur Production agreed to "join interests" with Institut Mérieux to produce serums, vaccines and diagnostic products. The largest is the American company Merck.

Merck is 51-percent owned by the Sanofi group and 49-percent owned by the Pasteur Institute of Research. It will continue, under the agreement, to provide research on new products as well as production of diagnostic products for use in pregnancy and disease-detection tests.

Merieux, 51-percent owned by the chemicals conglomerate Rhône-Poulenc SA, will continue to take the lead in marketing and marketing serums and vaccines.

Mérieux, with twice the revenue of Pasteur at 800 million francs (\$87 million) a year, will allow the Pasteur staff "freedom of research." Rhône-Poulenc said in a prepared statement. The move would give France a stronger role in the growing market for vaccines.

## Trafalgar House Sells 7.08% Stake In P&amp;O to Sterling Guarantee Trust

By Lynne Curry  
International Herald Tribune

LONDON — Trafalgar House PLC said Tuesday that it had sold its 7.08-percent stake in Peninsula & Oriental Steam Navigation Co. for just over £30 million (\$38 million) to Sterling Guarantee Trust Ltd.

Trafalgar House, the British shipping and construction company, held 10.1 million shares of P&O and sold the shares for 307 pence

including the acquisition of Britain's Scout Lithgow shipyard.

Trafalgar said it had invited P&O to hold talks on cargo and passenger shipping collaboration between the two companies. Although no agenda has been set, Trafalgar said discussions between the two could lead to a possible integration of some of their shipping operations to save costs in areas like maintenance.

Jeffrey Sterling, chairman of both Sterling Guarantee and P&O, said he was "positively inclined" toward such discussions, but wanted to allow "the dust to settle" before holding the talks between P&O and Trafalgar.

Trafalgar has been free to pursue its bid for P&O since midyear when the Monopolies and Mergers Commission ruled that the merger was not against public interest and could proceed.

Trafalgar originally attempted to buy the shares when P&O was valued at about £500 million and offered 110 to 150 pence a share. P&O is now valued at about £420 million. Analysts said P&O's assets were undervalued and the attraction at that time was P&O's cruise-ship operation and its construction and property interests.

P&O fought the bid, however, by making Jeffrey Sterling chairman of P&O and selling off some of the

group's cargo ships, its property and oil interests, and reducing the company's debt, according to Mr. Hannah.

Sterling Guarantee holds about 15 percent of P&O, a stake valued at about £64 million. Sterling Guarantee was formerly known as Town & City Properties PLC.

Analysts said there was speculation that P&O may attempt to take over Sterling Guarantee by doing a share swap and offering cash.

## Malaysia to Set Commodities Fine

Reuters

KUALA LUMPUR, Malaysia — Malaysia will make it an offense for anyone to "manipulate or corner" the palm-oil or rubber futures markets on the Kuala Lumpur Commodity Exchange, the minister for primary industries, Paul Leong, said Tuesday.

Amendments will be made soon to the Commodities Trading Act of 1980, he said.

"The amendments will make manipulation or cornering an offense, and any person so convicted will be liable to a fine not exceeding 10,000 ringgit (\$42,100), or to a term of imprisonment not exceeding five years, or to both," Mr. Leong said at a press conference.

## Pharmacia to Set Up U.S. Development Unit

Reuters

STOCKHOLM — Pharmacia AB said Tuesday that it plans to establish a development company in the United States that will acquire stakes in small high-technology companies and enter cooperation agreements in the same area.

The new concern, Pharmacia Development Co., is being set up to respond to offers of cooperation from companies in biotechnology, medicines and diagnostic techniques that Pharmacia has received as it expands in the United States. It said.

## IBM-Apple Rivalry Is Expected to Heat Up

By Eric N. Berg  
New York Times Service

NEW YORK — International Business Machines Corp. and Apple Computer Inc. have announced major improvements for their personal computers. Industry analysts said the improvements would heighten the competition between the two companies in the low-cost, desktop computer market.

"Anytime these two companies change their personal computers, particularly in graphics, you see the competition pick up," said Sanford J. Garrett, a technology analyst at Prudential-Bache Inc.

IBM's introductions included two graphics screens for its Personal Computer, along with circuit boards to control the screens.

Although the more advanced screen and board will together cost \$4,000 — more than an entire PC — IBM, based in Armonk, New York, said, the new equipment would enable engineers and other scientists to do detailed graphics in vivid colors.

Apple, based in Cupertino, Calif.,

introduced a version of its Macintosh personal computer that, with a suggested retail price of \$3,195, will feature 512 kilobytes of internal memory — four times the 128-kilobyte memory on the existing Macintosh. A byte is the smallest addressable unit of data storage in a computer. A kilobyte is 1,000 bytes.

Apple also said it was cutting the price on the existing machine from \$2,195, from \$2,495, and would begin selling a \$995 kit to enable current Macintosh owners to upgrade their machines to 512 kilobytes of memory.

Macintosh is already a hit among scientists and other technical people, who like the machine's advanced graphics. With the new refinements, the Macintosh may get a fresh look from corporate buyers of computers.

"It definitely makes me more interested in the machine, and I suspect others would feel the same," said Russell S. Hensel, manager of personal computing at Arthur D. Little Inc., a Boston-based consulting company.

## COMPANY NOTES

British Land PLC's subsidiary, British Land Co. (Holdings) Australia Ltd., has sold its 24.5-percent stake in Postland Property Trust to the remaining co-owners for more than 16 million Australian dollars (\$13 million). The co-owners are the Australian Post Office Staff Superannuation Fund and Cra Ltd.'s Staff Provident Fund.

Cadbury Schweppes PLC, a British chemical maker, has planned to complete in New York on Tuesday an offering of 60 million ordinary shares at \$17 per American Depository Receipt, with each ADR representing 10 shares.

Eastern Airlines will offer an unrestricted \$399 one-way fare between the three New York metropolitan airports and five Florida cities beginning Wednesday on midweek days, Monday through Thursday. Fares will last through Dec. 13.

Fried Krupp GmbH said its Krupp Industrietechnik GmbH and Krupp Stahltechnik GmbH subsidiaries won a contract from Nissbo Iwai Corp. of Japan to supply a continuous casting plant for high-grade steel bloom to the Aichi

Steel Works in Nagoya. The value of the contract was not revealed.

John Fairfax Ltd., a media group, said it will raise 96 million Australian dollars (\$79 million) to strengthen its capital base by a rights issue of 24 million 50-cent nominal cumulative participating preference shares at 4 dollars each.

Laporte Industries (Holdings) PLC, a British chemical maker, has acquired two foreign electronic-supply companies for a total of £2.34 million (\$2.98 million). The companies are Exsil Inc., a U.S. company specializing in reprocessing silicon wafers, and a French company, Soprelec SA, a producer of specialized electronics chemicals and equipment.

Nabisco Brands Inc. has agreed to pay \$60 million in cash for a 20 percent interest in the cable sports network ESPN, the network's parent, ABC Video Enterprises Inc. Don Ohlmeyer and John Martin, chairman and president, respectively, of Ohlmeyer Communications Cos., will represent Nabisco on the ESPN board of directors. ABC Video Enterprises,

a subsidiary of American Broadcasting Cos., said.

Nutri-System Inc., which operates more than 700 weight-loss centers in the United States and executive placement offices in three countries, is to be purchased by an investor group for about \$87 million if the company closes its money-losing Gloria Marshall figure-salons, company officials said.

Simon Darby Bhd. said it has agreed on the proposed merger of its subsidiary, United Malaysian Insurance Co., UMI, and East West Insurance Bhd., subject to approval of the relevant authorities. The enlarged company, expected to produce a premium income in excess of 70 million ringgit (\$30 million), would be one of the largest insurance companies in Malaysia.

Soe Line Railroad's \$570.6-million bid for the financially troubled Milwaukee Road won unanimous recommendation for approval from the Interstate Commerce Commission. The ICC's recommendation goes to a federal court in Chicago overseeing the Milwaukee Road's reorganization.

## TRANSPACIFIC FUND

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## NOTICE OF EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS

The quorum required by law not having been reached at the first Extraordinary General Meeting of Shareholders held on July 31, 1984, the shareholders are invited to attend a

## SECOND EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS

to be held on September 27th, 1984 at 11.00 o'clock at the registered office of the Fund 14, rue Aldringen, Luxembourg with the following agenda:

1. Modification of the statutes to put them in agreement with the law of August 25th 1983, including, but without limitation, the following points:

Article 3 — Cancellation in this article of all references to the law of July 31st 1929 and to make reference in this text to the law of August 25th 1983 concerning mutual funds.

Article 6 — 2nd paragraph. The following text should be added to this article: "The subscription price for the shares is to be paid in favor of the company within seven working days as of the date of calculation of the applied intrinsic value".

Article 16 — Modification of the rate of the repurchase charge to be set at a maximum of 15%.

Article 18 — 1st paragraph. To add to this article the following text: "Proceeds of shares redeemed will be paid within seven working days as of the date of calculation of the applied intrinsic value or seven working days after receipt of certificates of shares repurchased".

Article 24 — Cancellation in this article of all references to the law of July 31st 1929.

2. Modification of article 18 to indicate that the net asset value per share of the company will be determined, by the company, at the closing of offices in Luxembourg the third open day of the week.

3. Modification of article 21. 2nd paragraph, should read as follows: "Dividend distribution will be decided upon by the shareholders at their ordinary meeting".

## Transpacific Fund

4. Renewal of the authorization to increase shareholder's capital for a new period of five years within the limits of authorized capital.

The shareholders are hereby informed that this second Extraordinary Meeting of shareholders shall validly vote on the points of the agenda no matter what portion the share capital of the Corporation will be present or represented.

In accordance with Luxembourg law, resolutions will be subject to a majority of 2/3 of the shares represented at the meeting, provided however, that in this second meeting, shares not represented will (in a number not exceeding 1/3 of the total number of the outstanding shares) be deemed to vote for the resolutions proposed above, and provided further that in such latter case the resolutions must be voted by the majority of the shares represented at the meeting.

To attend the Extraordinary General Meeting of Shareholders of 27th September 1984, owners of registered shares should have their names recorded in the company's register of shareholders five working days prior to the Meeting and owners of bearer shares deposit their shares at least five working days prior to the Meeting with one of the following banks:

Banque de Nenfize, Schlumberger, Mallet ..... 3, avenue Hoche, Paris 8  
Algemene Bank Nederland N.V. ..... 32 Vrijheidstraat, Amsterdam  
Bank Mees & Hope N.V. ..... 548 Herengracht, Amsterdam  
Banque Générale du Luxembourg S.A. ..... 14, rue Aldringen, Luxembourg  
Société Bancaire Barclays (Suisse) ..... 2, boulevard de Théâtre, Genève

## THE BOARD OF DIRECTORS

The trading and transportation activities of the VEBA Group, STINNES and RAAB KARCHER, have had good and stable results for a number of years — a situation which should continue into 1984 as well.

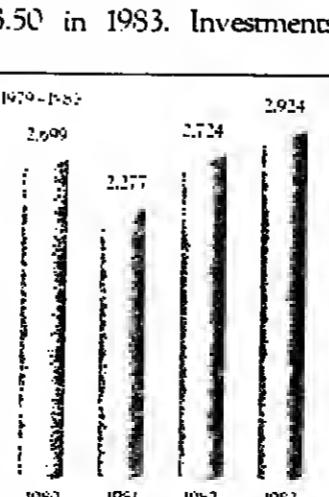
Thanks to successes in all sectors of the organization, overall sales of the VEBA Group increased by more than 5% to approximately DM 25 billion during the first six months of 1984. The Group's net income improved from DM 149 million during the first half of 1983 to DM 221 million during the same period of 1984.

Assuming that the overall business upturn continues, it is likely that the Group's performance will improve in 1984 as a whole, which could result in a higher dividend.

VEBA in the First Six Months of 1984<sup>1)</sup>

Group outside sales	(DM million)	24,886	(+ 5.3%)
Production	(DM million)	15,429	(+ 7.4%)
Services	(DM million)	9,457	(+ 2.1%)
Electricity output	(million kWh)	33,621	(+ 12.6%)
Natural gas production	(million kWh)	2,007	(- 1.4%)
Crude oil production	(1,000 tons)	855	(- 4.3%)
Crude oil processed	(1,000 tons)	3,464	(+ 7.6%)
Group net income	(DM million)	221	(+ 48.3%)
Capital expenditure	(DM million)	848	(- 17.3%)
Total staff (as of June 30, 1984) <sup>2)</sup>		76,036	(- 1.5%)

<sup>1)</sup> preliminary    <sup>2)</sup> compared with December 31, 1983



losses. During the first half of the year, VEBA OEL achieved on balance positive results. This sector is expected to report a further improvement for the whole of 1984.

In chemicals, the continuing business upturn has resulted in greater utilization of production capacity and led to 11.4% higher sales. The results for 1984 are anticipated to improve substantially over 1983 and dividend payments are expected to be resumed.

To find out more about VEBA, its operations and performance, please get in touch with VEBA AG, Karl-Arnold-Platz 3, D-4000 Düsseldorf 30, West Germany.



## Delay Seen On Bonds

(Continued from Page 9)

There is in for a rude surprise when it tries to tap the market.

This is because the major financial institutions already have a portfolio of Treasury securities. These institutions were never inhibited by the 30-percent withholding tax on interest payments and the mid-July repeal of this tax of 30 percent new income.

The one group of institutions likely to be affected by the tax repeal are pension funds, whose domestic tax-free status made them immune to benefit from the double taxation agreements the United States has with most countries. These institutions previously were not able to recapture the 30-percent tax withheld in the United States and only now can buy U.S. government securities free of tax.

Experts estimate these institutions may sit on assets valued as high as \$40 billion, but only a fraction of that, and certainly not more than 20 percent, it is thought, is likely to be committed to buying U.S. government paper.

The big uncertainty is what the tax repeal will mean to private investors and here the doubt centers on the fact that the Treasury securities will be registered issues rather than the anonymous bearer bonds these investors prefer.

Although the securities are to be registered, the Treasury has said it will not seek the names of the holders but will be satisfied with a statement from foreign banks which buy the paper that it is not being held for clients who are U.S. citizens or residents.

Foreign branches of U.S. banks, however, must have on file affidavits showing that their clients for such issues are not American — a requirement that U.S. banks contend put them at a competitive disadvantage.

The Treasury will insist on receiving assurances about the nationality of the beneficial owner of its securities on every coupon payment date as well as before returning the principal at maturity.

Analysts question whether foreign banks and their private clients will accept this.

## U.S. Companies Continue Rush to Issue Eurobonds

By Carl Gewirtz  
International Herald Tribune

money in New York, bankers estimate.

PARIS — The rush by U.S. companies to raise relatively low-cost money in the Eurobond market continued unabated Tuesday as Coca-Cola, Ford, Merrill Lynch and McDonald's announced new issues.

Coca-Cola Co., a triple-A-rated borrower, is issuing \$100 million of seven-year bonds carrying a coupon of 11½ percent. The subscription price was set at a slight discount of 99½.

Including this discount and the commissions of 1½ percent paid to market the paper, the cost to Coca-Cola amounts to 12.22 percent — about 4½ points below what comparably dated U.S. Treasury issues were yielding in New York. This means that Coke, which would be expected to pay about a quarter-point more than the U.S. government to borrow in New York, saved about 1 percentage point over comparably dated Treasury paper and a saving of about 4½ points over what it would have had to pay to raise the money in New York.

However, Merrill's paper was quoted at a sharp discount of 2 points.

Reflecting the market's preference for short-dated paper, the \$75-million issue for McDonald's Corp. — priced at par bearing a coupon of 12½ percent — got a relatively good response. The final maturity of this issue is Oct. 15, 1990, but every three years borrowers are requested to be repaid or the issuer can call it in.

Dealers reported the issue was well received and said the paper was trading at about 1½ points below the offering price, at 98½.

Ford Motor Co.'s seven-year issue carries a coupon of 12½ percent and was offered at a discount of 99½. This, plus commissions of 1½ percent, means the automaker is paying 13.39 percent for its \$100 million — about a quarter-point more expensive than comparably dated Treasury paper and a saving of about 4½ percent over what it would have had to pay to raise it.

On a three-year basis and with commissions totaling 1½ percent, the cost of money to McDonald's was 12.82 percent — representing a saving of just over 4½ percentage point compared with what it would have been expected to pay in New York.

## Danish Bank Seeks Office In Stockholm

Copenhagen Handelsbank has applied to open a representative office in Stockholm, which it hopes to begin operating before the end of the year. It would be the bank's first Scandinavian office outside Denmark.

Although the coupon is higher and the subscription price lower than that on the Coke issue, Ford's paper was also quoted at a discount of 1½ points and dealers said it was moving.

The least well received was the \$100-million, five-year issue from Merrill Lynch, which was priced at par bearing a coupon of 12½ percent, including the commissions it paid of 1½ percent, its cost of money was 13.29 percent, about 4½ point over comparably dated Treasury paper and a saving of about 4½ points over what it would have had to pay to raise the money in New York.

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The bank has appointed Peter F.

Culver vice president and deputy general manager of Euro-clear System Clearance PLC in Brussels. Mr. Culver had been in charge of the banking division of Morgan's Tokyo office. Euro-clear provides a clearing system for internationally traded bonds and securities. Euro-clear is owned by 120 international financial institutions and is managed by Morgan Guaranty. The volume of securities cleared through the system last year was \$604 billion up from \$509 billion in 1982.

Midland Bank has appointed Frank Fitzpatrick head of planning and control in the Group Finance Division beginning in October. He is presently finance director of British Leyland Ltd. and is the manager of the recent sale of shares in Jaguar Cars that turned the subsidiary over to the private sector.

Mobil Oil Corp. has appointed Georges Racine general manager of Mobil Oil South Africa Ltd. beginning in January 1985. He is currently chairman of the board of Mobil Oil France in Paris. He will be based in Cape Town and succeeds P.W. Wilson.

Chase Manhattan Ltd., the merchant bank of Chase Manhattan NA, has appointed Eros M. Grandi and Mats E. Jonsson associate directors in Zurich. They will be responsible for international securities business in Switzerland and will be based at the Chase Manhattan Bank (Switzerland). Mr. Grandi was formerly with McLeod Young & Wer International Ltd., a Canadian investment bank, in Zurich. Mr. Jonsson previously worked for the Banco Exterior de Espana in Zurich.

The bank has appointed Peter F.

Claridge's, the hotel subsidiary of the Savoy Co., has appointed Ronald Jones general manager in London beginning at the end of the year. Formerly with the Atheneum Hotel in London, he succeeds Borge Lund Hansen, who is retiring. Michael Bentley will become manager.

Barclays Merchant Bank has appointed Lord Cammells executive vice chairman beginning Oct. 1. He is presently managing director of Barclays Merchant Bank. He will be succeeded by Oliver Stocken, who is managing director of Barclays Merchant Bank in Australia.

Foster Wheeler International Corp., an engineering, manufacturing and construction company, has appointed Max R. Colombara vice president of Foster Wheeler Middle East Services Inc., a wholly owned subsidiary. He will move to Riyadh from Milan, where he was area sales manager for the Middle East. He will replace Paul Munro, who is returning to the United States to work at Foster's headquarters in New Jersey.

Lloyds International Ltd., the merchant bank of Lloyds Bank International, has appointed Tom Clark executive director in Australia beginning in October. He is currently senior manager, Industry Services, Merchant Banking Division at Lloyds Bank International in London and chief executive of Lloyds International Leasing Ltd.

— LYNNE CURRY

in London

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### PERSONALITIES PLUS MARY BLUME IN THE WEEKEND SECTION OF FRIDAY'S IHT

#### Report for the Six Months Ended June 30, 1984

##### CONDENSED CONSOLIDATED BALANCE SHEET (unaudited except for December 31, 1983)

	June 30 1984	June 30 1983*	Dec. 31 1983
(thousands of Canadian dollars)			
Assets:			
Current assets	\$1,059,999	\$1,020,128	\$1,090,827
Investments and advances	105,940	103,553	104,528
Plant, property and equipment (net)	5,179,268	5,242,459	5,541,801
Deferred costs	11,705	145,919	10,575
Other assets	123,682	44,948	58,525
	<b>\$6,480,594</b>	<b>\$6,557,007</b>	<b>\$6,796,066</b>
Liabilities:			
Current liabilities	\$1,017,542	\$988,917	\$1,031,354
Long term debt	2,869,570	3,098,983	3,404,578
Deferred income taxes	446,671	427,619	434,729
Minority interest in subsidiary companies	565,801	503,404	485,075
Shareholders' equity:			
Preferred shareholders	789,348	813,961	800,907
Common shareholders	791,662	724,123	839,413
	<b>\$6,480,594</b>	<b>\$6,557,007</b>	<b>\$6,796,066</b>

##### CONDENSED CONSOLIDATED STATEMENT OF INCOME (unaudited except for December 31, 1983)

	Six Months Ended June 30 1984	Year Ended Dec. 31 1983*
(thousands of Canadian dollars except share data)		

##### Operating revenue

Net operating income	\$ 319,581	\$ 255,670
Equity in losses of affiliated companies	(5,023)	(3,911)

Allowance for funds used during development and construction

Other income (expenses)	30,169	24,512
Interest expense (net)	(184,362)	(151,931)

Income before taxes, minority interest and extraordinary items

Income taxes	161,913	125,982
Minority interest	(63,610)	(58,951)

Income before extraordinary items

Extraordinary items**	73,956	71,501
Net income	\$ 207,465	\$ 71,501

&lt;p







## SPORTS

## Twins Down Royals, Regain Share of Top

United Press International

MINNEAPOLIS — Tim Teufel's RBI double that was lost in the eighth by outfielders Darryl Molde and Willie Wilson in the third inning got the Minnesota Twins started Monday night on their way to a 7-3 triumph over the Kansas City Royals.

The victory enabled the Twins to move into a tie with Kansas City

**BASEBALL ROUNDUP**  
for first place in the American League West. Both teams have 73-70 records.

Mike Stadium (14-12) struck out six and walked two in going the distance for the ninth time. Two of the eight hits he allowed were homers by Steve Balboni, his 24th, in the seventh and Frank White, his 16th, in the eighth.

The Twins held a 3-2 lead entering their half of the eighth, when the ballpark exploded off the Twins' star and loser, Mark Gubicza.

"It was a big moment for us and we needed that more than the win," said Gary Gaetti, the Twins' third baseman. "It's so funny how baseball is. We've been hitting the ball but we haven't been able to hit it in the holes."

**Orioles 3, Tigers 1**

In Baltimore, Wayne Gross and Eddie Murray homered to support the five-hit pitching of Mike Flanagan and help the Orioles snap Detroit's four-game winning streak with a 3-1 victory. Despite the loss, the Tigers remained 11½ games ahead of Toronto in the American League East. Kirk Gibson homered for Detroit.

**Yankees 6, Blue Jays 2**

In Toronto, Don Mattingly drove in four runs with a three-run homer and a double, and Butch Wynegar chipped in with a bases-empty homer as New York handed the Blue Jays their fifth straight defeat, 6-2. The Yankees boosted their post-All Star Game record to 41-19; tops in the majors.

**Brewers 7, Red Sox 4**

In Boston, Don Sutton moved into sixth place on the all-time strikeout list, and Doug Loman highlighed a five-run fourth inning with a two-run single, leading Milwaukee to a 7-4 victory over Boston. Sutton (13-11) struck out four to surpass Ferguson Jenkins on the all-time list with 3,194. Jim Rice and Wade Boggs homered for Boston.

**Mariners 7, Rangers 3**

In Seattle, Alvin Davis's two-run homer capped a three-run seventh inning, and Jim Beattie pitched an eight-hitter to guide the Mariners to a 7-3 victory over Texas.

**A's 1, White Sox 0**

In Oakland, California, Ray Burris pitched a three-hitter over 8½ innings, and Bruce Bochte

walked with the bases loaded in the third inning to give the A's a 1-0 victory over Chicago. Oakland took advantage of three walks and a hit batsman by Richard Dotson (13-13) to score the only run.

**Cardinals 3, Mets 2**

In the National League, Willie McGee doubled in two runs in the seventh to break a 1-1 tie, and Dave LaPoint (10-10) allowed only four hits over eight innings as St. Louis defeated New York, 3-2. Bruce Suter bailed the Cardinals out of a ninth-inning jam to record his 41st save.

**Cubs 3, Phillies 2**

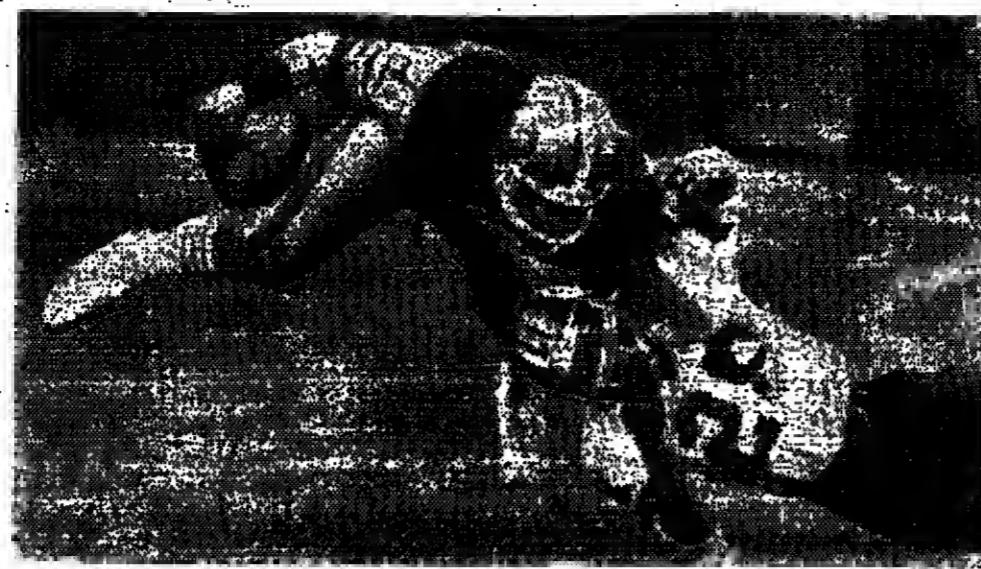
In Chicago, Juan Samuel's throwing error allowed Gary Woods to score from second base and cap a three-run seventh inning that gave the Cubs a 3-2 victory over Philadelphia.

**Expos 8, Pirates 5**

In Pittsburgh, Jim Wohlford went 3-for-5 and drove in two runs to lead a 14-hit attack that lifted Montreal to an 8-5 triumph over Pittsburgh. Dick Grantham (1-2) pitched 4½ innings for his first major-league victory.

**Braves 3, Astros 1**

In Houston, Zane Smith, making his major-league debut, combined with a seven-hitter with Pete Falcone as Atlanta beat Houston, 3-1. Smith, a 23-year-old left-hander, went six innings for the victory.



Wendell Tyler of the 49ers danced away from the Redskins cornerback Darrell Green and went on to score a touchdown in San Francisco's 37-31 National Football League triumph. The Associated Press

## 49ers Pay Debt to Redskins, 37-31

United Press International

Joe Montana passed for 381 yards and two touchdowns and ran for another to lead the San Francisco 49ers to a 37-31 National Football League victory Monday night over the Washington Redskins.

"This is the most emotionally packed game I've ever played in," said the 49ers' tight end Russ Francis. "It feels good to come out a winner."

The Redskins running back Joe Washington said: "I would say the difference was that they were a little more mentally and emotionally

up at the start. When they settled down emotionally in the second half, we were able to move the ball."

The 49ers surged to a 27½-time lead with Montana dissecting Washington's man-to-man defense. He completed 16 of 28 passes for 211 yards and touchdowns of 5 yards to Wendell Tyler and 15 yards to Dwight Clark.

He head-butted Liam Brady within a minute of Brady's architecture of Inter's goal. Brady was sent off for his retaliation and, curiously match or not, hard-man soccer is back.

France has another month before she joins the 1986 World Cup qualifying slate. Others, relentlessly, go straight in, with matches from the Arctic Circle to the Netherlands Antilles.

The latter, boasting some 400 top-flight players among its 160,000 populace, stands before the United States brimming with hawkish sporting pride. Having produced almost a million and a half Olympic soccer spectators,

## Adieu to the European Summer Long Road to World Cup About to Begin

International Herald Tribune

LONDON — The European summer is over. Chilly, wet, fierce winds are in as the delicacy of French soccer fragrance is going off, fading faster than suntans.

France itself, so expressive in conquering the continent and the Olympics, began World Cup preparation in Paris last week. Admittedly under Henri Michel instead of Michel Hidalgo as manager, admitted in nothing but rehearsal, admittedly benefit of Crown Prince Platini and his generals Giresse and

and claiming a like number of exponents of the "new" game, Americans may yet tremble at the odds.

In Curacao this month and St. Lucia next, the American challenge is to prove that sheer mass can overcome international naivete and an ill-designed, still crumbling professional league.

Before that, Europe has five World Cup contests this Wednesday: Sweden vs. Portugal, Northern Ireland vs. Romania, Republic of Ireland vs. Russia, Norway vs. Switzerland and Iceland vs. Wales.

On the same night other big European guns are engaged in what might be termed intensive fireplay. Austria, Denmark, England, the two Germanys, Scotland and Yugoslavia.

## ROB HUGHES

goalie embark on practice internationals prior to qualifying matches next month.

Some are more ready than others. England's manager, Bobby Robson, having toiled around with 52 claimants in two years, gathers no less than 37 players at his camp for the Wembley visit of East Germany. He still needs, though, to know which of his men (some of whom just test the manager's indecision is final) are truly committed to the cause.

West Germany's new kaiser, Franz Beckenbauer, starts to build a team in an aura of swiftness at which he is a master. Bernd Schuster, the interminable enfant terrible, and Harald Schumacher, the arrogant but often savior in goal, have taken critical shots at Beckenbauer's selection for the game in Dusseldorf against Argentina.

Romania may rue the wrath of that. Few visitors prevail in Belfast, a city at war with itself, though Romanians who carry intimidation to excess on the field may not be much versed in Belfast troubles.

Northern Ireland, such a gutsy competitor in the Spanish World Cup, also regrettably an early qualifier, losing in Finland where one goal provided the Finns' second victory in 23 games.

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France's summer sales, midfield star Glenn Stronberg has left for Atlanta in Italy. But Dan Corneliusson and his young partner Thomas Simonsson provided the finish for the four-goal trouncing of Malta in an earlier qualifying game.

"Malta were the worst team we have played for years," commented manager Lars Arnesson, who finds dark lining in any silver cloud.

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Across the border — the Irish border — Soviet players are presumably turning up to play the Republic. Russia's conclusive victory over England at Wembley in the spring demonstrated that Oleg Blokhin, no longer faster than a Kalashnikov rifle, is still world class as are elegant sweeper Alexander Chivadze and the dark, stocky play-maker Khoren Oganesyan. The probings of Oganesyan versus those of Liam Brady is a glorious prospect.

No less a match winner on his day is Mickey Thomas, assuming Wales can successfully get him aboard. Last time the Welsh played Reykjavik, the pimpernel Thomas willfully missed the plane and his erratic effervescence is sometimes as difficult to pin down when he does play.

It is the season when Scandinavians home and abroad are flocking on match fit terms. A time the Swiss will fear in Norway as much as the Welsh in Iceland. A time no one should forget that so-called class barriers even between amateurs and pros are all but disintegrated.

The European summer is dead, and World Cup winter dawns.

## SCOREBOARD

## Baseball

## Monday's Major League Line Scores

## Standings

NATIONAL LEAGUE		AMERICAN LEAGUE	
Team	W	L	Pct.
Philadelphia	90	89	.500
Cubs	89	90	.490
Kansas City	87	91	.476
Cardinals	86	92	.467
St. Louis	85	93	.463
New York	84	94	.457
Pittsburgh	83	95	.453
Montreal	82	96	.449
Boston	81	97	.445
Atlanta	80	98	.441
San Diego	79	99	.437
Texas	78	100	.433
AMERICAN LEAGUE			
Baltimore	118	82	.572
Seattle	116	83	.567
Boston	115	84	.562
Minnesota	114	85	.557
Calgary	113	86	.552
Chicago	112	87	.547
Seattle	111	88	.542
Montreal	110	89	.537
Montreal	109	90	.532
Montreal	108	91	.527
Montreal	107	92	.522
Montreal	106	93	.517
Montreal	105	94	.512
Montreal	104	95	.507
Montreal	103	96	.502
Montreal	102	97	.497
Montreal	101	98	.492
Montreal	100	99	.487
Montreal	99	100	.482
Montreal	98	101	.477
Montreal	97	102	.472
Montreal	96	103	.467
Montreal	95	104	.462
Montreal	94	105	.457
Montreal	93	106	.452
Montreal	92	107	.447
Montreal	91	108	.442
Montreal	90	109	.437
Montreal	89	110	.432
Montreal	88	111	.427
Montreal	87	112	.422
Montreal	86	113	.417
Montreal	85	114	.412
Montreal	84	115	.407
Montreal	83	116	.402
Montreal	82	117	.397
Montreal	81	118	.392
Montreal	80	119	.387
Montreal	79	120	.382
Montreal	78	121	.377
Montreal	77	122	.372
Montreal	76	123	.367
Montreal	75	124	.362
Montreal	74	125	.357
Montreal	73	126	.352
Montreal	72	127	.347
Montreal	71	128	.342
Montreal	70	129	.337
Montreal	69	130	.332
Montreal	68	131	.327
Montreal	67	132	.322
Montreal	66	133	.317
Montreal	65	134	.312
Montreal	64	135	.307
Montreal	63	136	.302
Montreal	62	137	.297
Montreal	61	138	.292
Montreal	60	139	.287
Montreal	59	140	.282
Montreal	58	141	.277
Montreal	57	142	.272
Montreal	56	143	.267
Montreal	55	144	.262
Montreal	54	145	.257
Montreal	53	146	.252
Montreal	52	147	.247
Montreal	51	148	.242
Montreal	50	149	.237
Montreal	49	150	

